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SMASHING THE RACKETS

THOMAS E. DEWEY'S STORY

By FORREST DAVIS

WIDE WORLD

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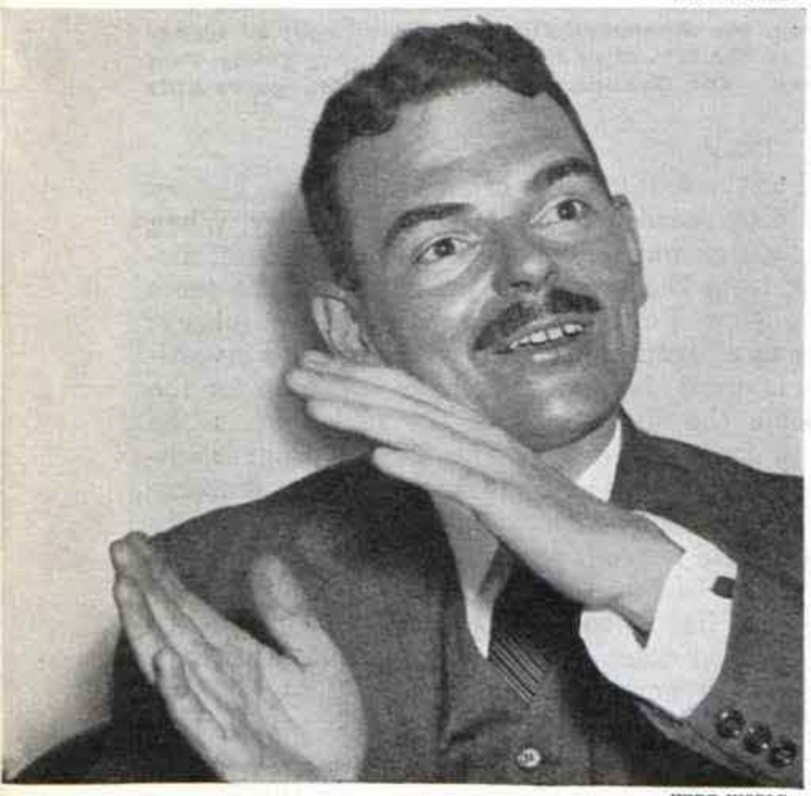


WIDE WORLD

ACME

Fellows living softly in penthouses overlooking Central Park—but highly moral withal. The right triumphs so crushingly.

Tom Dewey never saw New York City until 1923, when he arrived from Owosso with a musical scholarship to study voice and, on the side, law. As late as 1930, when Jimmy Walker was serving his second term as mayor, Dewey was just another of the city's ten thousand obscure young lawyers.

The story opens with a grand jury in revolt. Most grand juries go along tractably with the district attorneys assigned to direct their inquiries. This one, made up of twenty-three assorted New York businessmen, unexpectedly stood on its immemorial, Anglo-Saxon rights as a grand jury, defied a Tammany district attorney and, by dint of a month's good old-fashioned hell-raising, finally procured the appointment of little-known Tom Dewey as special prosecutor of the murderous, hitherto-immune mobs which reputedly levied a billion dollars a year on the big town and its tributary hinterland.

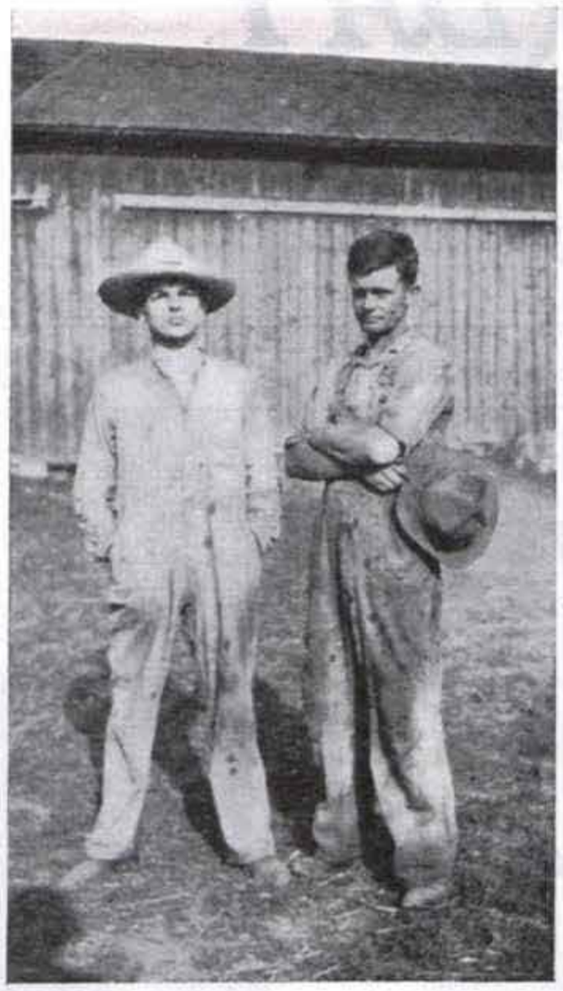
Dewey did not fall into his opportunity. It came the hard way. The district attorney, Dodge, summarily rejected him. And although, as a Federal prosecutor, Dewey had convicted Waxie Gordon, the last of the beer barons, and incarcerated a Tammany district leader, Governor Lehman thought him too young, too obscure. He was thirty-three. That was in June, 1935. Two years thereafter Dewey had become a symbol of deadly, streamlined law enforcement and his name crackled awfully in every mob hangout; communicating a terror similar to that invoked in besieged Manila by his fifth cousin, the Commodore, in 1898.

The day Lehman accepted him, Dewey happened to be in Boston. A private citizen bent on no crusade, a prospering corporation lawyer, he was in Boston on a sentimental errand, the giving of a cousin in marriage. As he alighted from a train in South Station, only a little way from Dorchester, where his first American ancestor, the Puritan Thomas Dewey, debarked in 1630, newspaper reporters stopped him. They demanded to know if he was going to clean up New York.

"No comment," said Dewey, with Yankee caution uncharacteristic of him until now. His thoughts at the wedding, as he recalls them, were inappropriately grim. Inattentive to the service, he considered the campaign he had been called to wage. Promptly returning to New York, he reflected on the uncharted nature of his assignment. Never before had a governor commissioned a special prosecutor to rid a great city of its rackets.

He knew that he knew little of the rackets' exact nature. But he felt that he was as adequately informed as any man outside the underworld. Not much, indeed, was known of the anatomy of organized

HOW young Tom Dewey, within a few years after he came out of Owosso, Michigan, an unlikely Saint George, rubbed out the racketeering dragon in New York City, spreading a holy and unaccustomed fear of the law through the most subtly dangerous underworld in America, may now be told from the inside. How, moreover, Dewey, a champion singer, compelled the mobs of New York by pedagogical methods at once blunt and novel to "sing" their own dirge—to "sing" being criminal argot for talking to the authorities. How he thereby set thieves to catch thieves. In part, it is Dewey's own story; in other part, gathered from confidential files and the experiences of his staff. A hardbitten tale, spotted with melodrama, peopled by ugly characters—a Cokey Flo, an unlucky Lucky Luciano, a Tom the Bull, a Jennie the Factory, and evilly assorted gorillas, stink-bomb throwers, vice bookers, salaried extortionists and hard-nosed Big



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At Left, "In Michigan, Down on the Farm," is Tom Dewey, the Barnyard David, Whose Legal Slingshot Felled the Underworld's Goliath, Waxie Gordon, Shown at the Wheel of His Car. At Right, Young Tom Dewey, as Uncle Sam, at a 1912 Fourth of July Lawn Party. The Goddess of Liberty Was Margaret Ellis

crime. Everyone agreed that the mobs, functioning smoothly under the surface of life in America, constituted a No. 1 national problem and disgrace. Few communities were free of the mobs, as any citizen might observe. Wherever slot machines, pin-ball games, policy slips or horse parlors or sporting houses appeared, whether on Florida's Gold Coast, in a Kansas railroad town or on New York's Broadway, there, it was a fair presumption, operated a mob. And these were only superficial signs; the racket structure running out to an almost infinite variety. Investigating bodies, notably the Wickersham Commission and a senatorial committee, had put the annual "take" of crime at staggering totals—well above $10,000,000,000. A Federal authority estimated the number of Americans criminally engaged, in one way and another, at 3,500,000. An army approaching in size the country's World War forces in 1918; a gigantic, countrywide maffia, enforcing its laws and taking tribute by the knife, the bomb, the machine gun, and bribery of law-enforcement agents. And, while much information about organized crime was generalized and a great deal of it imaginative, if not literary, this disturbing fact might easily be verified: No big racketeer anywhere in the country ever had gone to prison for racket offenses. So strongly was the system intrenched.

Dewey, riding down to New York, pondered this picture and saw that New York City, because of its magnitude, its cynicism, its wealth and ethnical complexity, represented the problem at its apex. After a thoughtful week end in the country, he accepted the governor's assignment.

The Upper Hand on the Underworld

"I CONCEIVED," he now recalls, "that the hub of organized lawlessness in America would be found in New York, and that if I could smash the hub it would be worth doing, and would help all the way out along the spokes. I estimated that the job would take two years of my life. I knew it would be stubborn, uphill work, but I was shy of the truth. Had I known then what I now know, I doubt if I would have had the hardihood to undertake it."

The mobs held no personal terror for Dewey. I take it that he is entirely sincere when he says that thought of possible retaliation never occurred to him. He has been threatened repeatedly, but he regards that as natural and refuses to talk of it. Dewey's nerves are described by his assistants as being insulated with steel. He has taken risks, at an instant's decision, which sent his staff home with the jitters. The disheartening factor to which he refers was the almost impenetrable wall of silence which organized crime had thrown around itself. A silence bought by fear. When it came to getting evidence from citizens, many of them decent and law-abiding, Dewey found the underworld stronger than the law.

"I came to believe that those who said the mobs ruled America were not far wrong," he says. "The law had abdicated, failing to offer protection to citizens who wished to tell the truth."

At the cost of prodigious toil, the exercise of ingenuity and a certain ruthless boldness, Dewey and his staff eventually broke down the wall and established public confidence in their office. He developed, as we shall see in later articles, new techniques to persuade witnesses—good citizens as well as thugs—to talk. Nothing, almost literally, stopped Dewey and his wrecking crew. Many prosecutors give up when witnesses close up. It was then that Dewey began to fight. The underworld resented it and a hoodlum classified by Dewey as "one of the two most dangerous and powerful industrial racketeers in America" spoke the sentiments of his kind when he complained that the rackets' prosecution was going too far. He said, "When a guy says he don't know nothing, that's when they go to work on him."

The working-over given tight-lipped mobsters did not include the third degree, a persuasive agent which Dewey strongly condemns as being both unlawful and useless. It did include psychological pressure, unceasing questioning, jailing for contempt—and for other offenses as yet unexpiated. A singularly effective weapon was surprise: when mob secrets suddenly were sprung on underworldlings they sometimes suspected black magic and began to test their vocal cords.

At the end of two years, Dewey has re-established the majesty of the law in New York. It was tough but rewarding work. The structure of organized crime may be said to have been broken in this one city. Dewey accurately claims that for his crusade. Unlike the earlier famous illustrations of Father Knickerbocker's behavior—the Lexow, Mazet and Seabury inquiries—Dewey not only has exposed conspicuous crimes and misdemeanors but he has gone on to convict seventy-two of seventy-three racketeers brought to trial for racket offenses, and has scattered fugitives to hideouts as far distant as Mexico and France. In the fall of 1937, New York's racketdom is behind bars, on the lam or lying low in the hope that "that man Dewey" will providentially look the other way. Dewey has taken the mobs of New York as emphatically as his kinsman took Manila.

Besides jailing racketeers and improving the civic climate of New York, the Dewey prosecutions have served as the first genuine crime clinic in the history of organized, card-indexed, big-time outlawry. When the campaign was launched, the Buffalo Times, dissenting from the prevailing pessimism of the press outside New York City, hazarded this prophecy: "It seems altogether probable that when this investigation is concluded, we shall have laid bare for the first time the slimy trail of the racketeer in the modern American city." The Times' prognostication has come to pass. As a result of these prosecutions, the material now exists for a scientific study of the central nervous and circulatory systems—the very bones, in fact—of the racket. An unpleasant set of facts but instructive, especially to citizens of other racket-ridden communities who may wish to emulate New York's purge.

A Runaway Grand Jury

THE war against organized crime has to be organized on local fronts. Not every city may have a strong-minded grand jury, not every state a governor quick to act, or a Tom Dewey. But everywhere there are the elements of a campaign against the mobs, and the fact that Dewey smashed them in New York demonstrates that it can be done elsewhere. These articles will relate in detailed sequence how it was done in one town.

The opening gun actually was fired on a day in May, 1935, when the regular March grand jury, which had been asked to investigate prostitution and policy, grew tired of the trivial testimony brought to it by the district attorney's office and took matters in its own hands. It became known thereupon as the "runaway" grand jury. A little while before, J. Richard (Dixie) Davis, attorney for Arthur (Dutch Schultz) Flegenheimer, a "big fellow," had publicly fixed the yearly gross play handled by the policy rings at $500,000,000. An impudently deliberate overstatement, the truth probably

having been nearer $100,000,000, and one which aroused the Society for the Prevention of Crime, which carries the torch lighted in the 1890's by the Rev. Dr. Charles H. Parkhurst. In asking the March grand jury to look into policy and vice, William C. Dodge, the district attorney, had been placating the society.

In the rackets, business was as usual, despite the absence of Waxie Gordon in Federal prison and Dutch Schultz, an exile on account of income-tax indictments that had been obtained by Dewey in the Federal prosecutor's office. Other public enemies carried on unapprehensively from penthouses and Park Avenue hotel suites. Unmolested by the New York County district attorney's office in the past, witnesses would not talk; that being the plain truth. The witnesses did not trust the district attorney's office.

For two months the runaway grand jury had listened to small-fry witnesses who wouldn't talk. The district attorney's office, represented by two assistants, poured cold water, it seemed to the jury, on all efforts to get at higher-ups. The grand jury began to suspect that the district attorney's office leaked like a sieve, that it harbored underworld spies. Lee Thompson Smith, the foreman, a six-foot real-estate man, determined to make a test. He sought by elaborately secret means to subpoena a Tammany district leader. Only a district attorney's process server, besides Smith and two others who were parties to the plot and above suspicion, presumably knew of it.

Yet within an hour the subpoenaed district leader received a note warning him that if he opened his "platter mouth" to the grand jury, the body of his daughter would be found in Van Cortlandt Park.

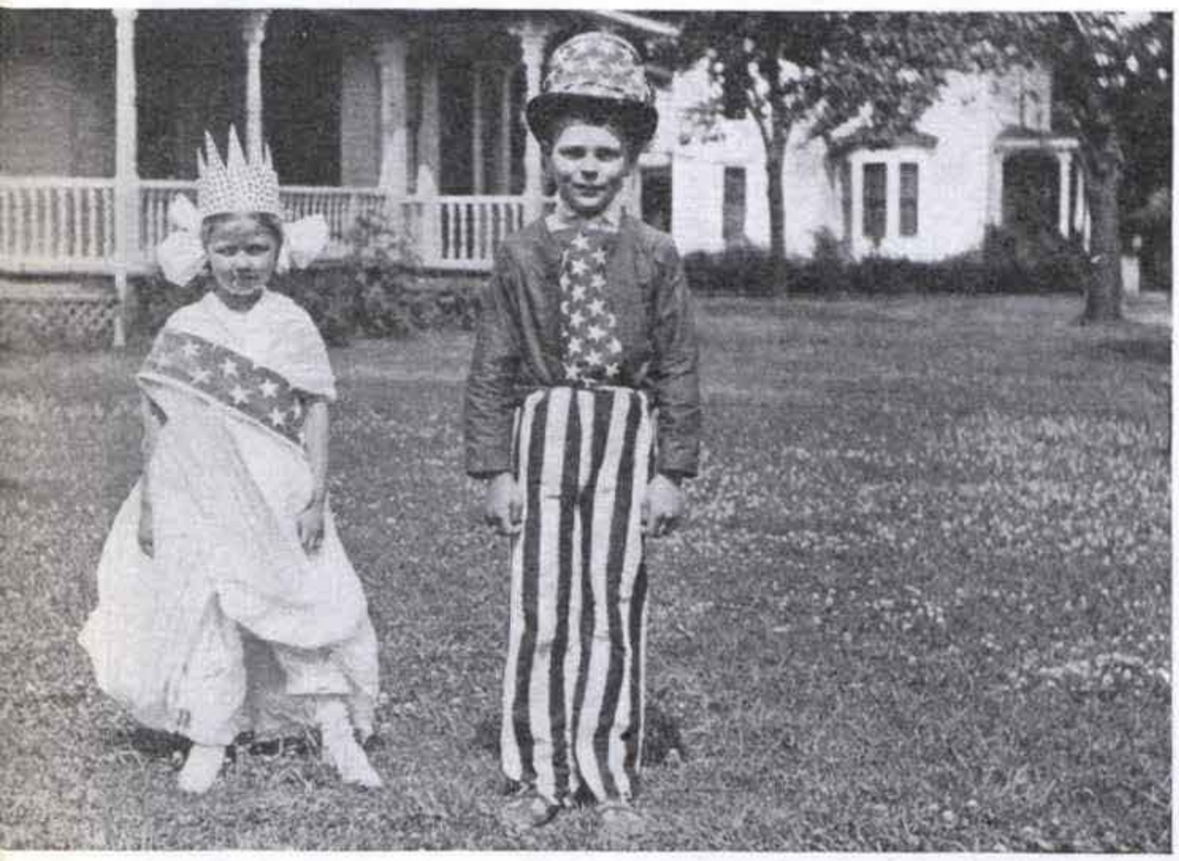
The grand jury, under fire of the press and the crime society, chafed. A Tenth Avenue butcher and E. Roland Harriman, conference with the presidents of the local bar associations, he struck them all off. By the accident of alphabetical order, Dewey's name led all the rest, and this gave rise to the public impression that Dewey was the jury's first choice—as he quickly became.

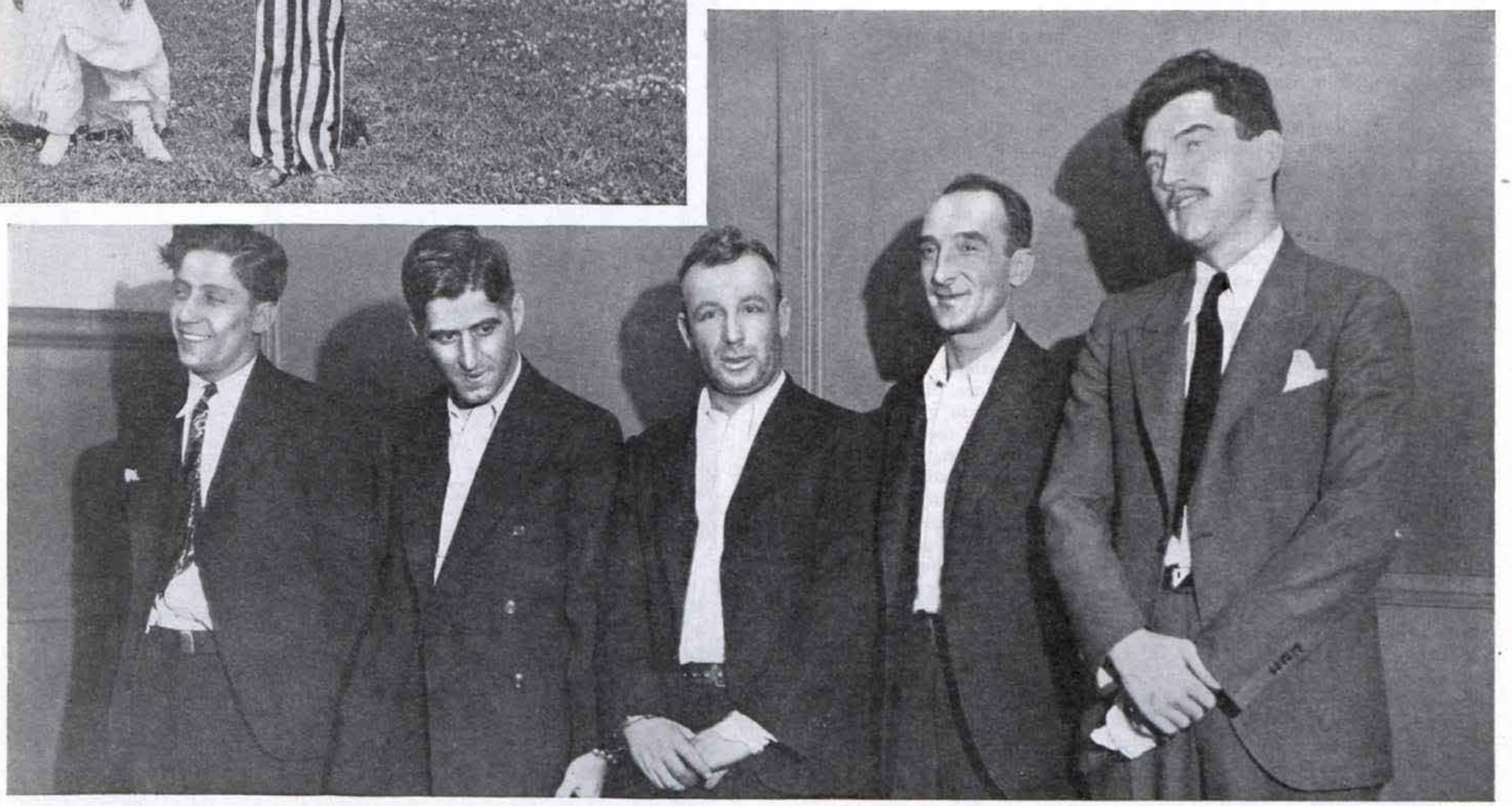
The newspapers, reminded of the Waxie Gordon case, recommended Dewey for the job. Digging up his record as chief assistant and, briefly, United States Attorney for the Southern New York District, they found a series of brilliant prosecutions, the credit for which had been shared with him by his chief, George Z. Medalie.

Nemesis Among the Skyscrapers

DEWEY had convicted a Harlem policy king, who banked $1,100,000 in three years; he sent away a rich vice cop branded larcenous by the Seabury investigation; he imprisoned Deputy City Clerk James J. McCormick, a Tammany district leader, who had by sugar-coated petty extortion mulcted newlyweds out of $250,000 within a few years; Joseph (Mushky) Castaldo, successor to Ciro Terranova as the artichoke king; and Patrick J. Commerford, a building-trades racketeer. All these were imprisoned for income-tax violations. Until Dewey showed the way, society's only recourse against the mobs seemingly lay, obliquely, in their punishment by the Federal arm for offenses against the revenue.

Waxie remained Dewey's chief scalp. The undoing of Gordon, born Irving Wechsler and a graduate of





ACME

A Typical Police Roundup of Big Shots and Not-So-Big Shots. The Simpering Innocent at the Right is the Late Vincent (Killer) Coll, With Blond Hair and Mustache Dyed Black

they showed no worry over present or future. Everyone had heard of the rackets, but law-abiding citizens knew them only as shadowy, fearsome organisms which became momentarily notorious when, from time to time, they executed victims in horrendous ways, such as suffocating them in sacks or imbedding their feet in hardening cement before tossing them into a river, frequently slitting their tongues in warning. Like the weather, nothing was done about the rackets. Thomas C. T. Crain, the venerable Tammany respectable who preceded Dodge, had called together fifty leading citizens to map a war on the rackets, but after a futile interval, he announced himself helpless. His extenuation was that son of the railroad builder, equally demanded action. It came when one of the assistant district attorneys baited a witness who, the jurors believed, might be helpful if encouraged. A remonstrance brought the suggestion from the assistant district attorney that he would withdraw if the jury thought it could run the show better.

Foreman Smith, who often remembers that an ancestor braved the Connecticut wilderness to become the first settled pastor at Wethersfield, accepted the challenge. The grand jury at once asked Dodge to appoint a special prosecutor from names to be supplied by itself. Dodge agreed in principle, but when the jury handed him six names, selected in the old Five Points gang in New York, took ten months, cost $100,000, and in it Dewey foreshadowed his later technique. Waxie, the Capone of the Eastern seaboard, naturally kept few records, but when he came to trial Dewey's investigators patiently had traced 100,000 telephone calls and sifted tons of bank records, so that his whole big business empire was displayed before him in the form of charts. Waxie himself, it was believed, learned new facts about his affairs from the charts—an invariable device in all Dewey trials.

A thick-necked hoodlum with great organizing talent and native force, Waxie had considered himself impregnable. He had *(Continued on Page 46)*

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BY THE MAKERS OF MOBILOIL

(Continued from Page 44)

the sand of it and the litter of unloading the boat was thick underfoot. MacVey, with the flashlight, went straight to Fanning's own stateroom. Sherman followed him up the narrow passage, but Joe Lount and Melville waited in the saloon.

MacVey's voice was sudden. "This door has been broken open." He threw his flash on the splintered panels beside the lock. He opened the door wide and flashed his light into Fanning's cabin. The water had not touched it, for it was on the high side, but something else had, for the whole place was in complete disorder. Fanning's bags, which they had left open on the locker the night before, were dumped and empty. The stuff that had been in them was half on the floor and half in the stripped bunk—rumpled shirts, underwear, a wad of ties, books and letters, two cartons of cigarettes, shoes, whites, a tweed suit and, ridiculously enough, a pair of black patent-leather evening pumps, with socks thrust into their toes. His wash kit, which he had left in the chair, and which they had not touched, was in the berth, completely dumped, with the things he had left in it jumbled back in the chair seat. His soap box and his shaving brush, his safety razor with the rusty blade still in it, a tube of shaving soap and a tube of tooth paste, his hairbrushes and the bottle of pink medicine that bore Ida Sefton's name, and Doctor Mayhew's. The cork had come out of that and the medicine had soaked the chair cushion. The .38 police revolver that had been on the shelf above the berth was gone.

MacVey turned around on Sherman and flashed his light back at Melville and Joe Lount in the saloon. They were standing there, just at the end of the passage. Their faces with the light on them were stiff with fright.

"Who broke this cabin open?"

"Swear to God, sarr!" Melville breathed.

Joe Lount shook his head.

MacVey said, "I locked it last night; I've still got the keys. Only the four of us have been aboard unloading." He looked around. "Where's Doctor Mayhew?"

"He not come with us," Lount said. "He sleep."

"Go get him."

MacVey tried Sherman's door—the one behind which Bo Fanning still sat, rigid now. That realization caught Sherman under the heart. He would always be that way now, for all they could do—frozen into a sitting position. That way they would lug him out through the narrow door, through the saloon and up the slanting companion steps. Sitting stiffly between them, he would go up to the beach to his grave, in a solemn travesty of life.

MacVey said, "This door is still locked."

Melville gasped, "Mebbe, captain, Mist' Fanning gone!"

"Shut up," MacVey told him. He flashed the light into the galley. "While we're waiting," MacVey said, "put his things back in his bags."

Sherman went into Bo's cabin and bent down to the job. He picked up everything on the floor in his two arms and stuffed them into the kit bag. He swept everything in the bunk into the suitcase and turned to the things in the chair while MacVey held the light behind him. As he turned to the chair, MacVey bent down and picked up Bo's safety razor and the two large packages of blades, and put them calmly in his pocket.

"What are you going to do with those?"

MacVey said, "I plan to shave with them. Why?"

Sherman stared at him. "What do you mean, you plan to shave with them? Where's your own razor?"

"It happens to be in your cabin, Mr. Drumm, between Fanning's feet. I don't think I want to use it again."

Sherman couldn't move. He stayed there, half bent over the chair, looking up at MacVey, his breath tight in his throat. MacVey, behind his flashlight, eyed him steadily.

"If you'll put those things in the bag, it may be cooler waiting on deck for Doctor Mayhew." Mechanically, Sherman's hands moved, but there was no feeling in them. MacVey closed the bags and turned to Melville. "Carry them up, steward," he said, and he went through the saloon to the companion.

Melville took the bags and, to get out of his way and out of that place, Sherman followed MacVey to the deck. He was standing on the high side, looking out to sea. His whole attitude was stiff and alert.

The reef flashed raggedly in the waning moonlight, racing along with its pennants flying, and the far roar of it came to them faintly down the night. Beyond it there was a green light that was a tiny pinpoint for a moment.

Sherman stood very still. *There is no light out there, and you know there is no light out there. What do you mean by seeing green lights when there are no green lights to be seen?* And as he looked again, there was no green light. But in his mind there was still the conviction that he had seen one. He framed the sides of his face with his flattened hands, using them for blinders and focusing carefully along the reef from left to right. If it was a green light, it was the starboard light of a boat, a boat sailing parallel to the reef.

Just then he saw the green light again, and this time there was no mistake about it. It was far out beyond the line of the reef. *There is a boat out there*—and the light was gone again, washed out completely by the reef lace.

MacVey said, "See it?"

"Yes."

"My guess is that it's that following schooner. What's yours?"

"It might be any other boat in the Pacific."

"No," MacVey said. "They knew we were headed for King Bradley's island—anyone could figure that out—that's why they followed us."

"Well, they've found us."

"How fooled they'll be," MacVey snorted.

Behind them, Sherman saw Joe Lount's tall figure striding down the beach with Doctor Mayhew, short and stout, beside him. "Maybe not," he said.

"What do you mean?"

"The Albatross is sunk in the lagoon on the other side of the island. Miss Yates and I saw it tonight."

MacVey grabbed his arm. "Are you lying to me?"

There was the same high light in his eyes that Sherman had seen in Mayhew's that afternoon when they started out to look for the Albatross after Lount found Chang Tien's body.

"Why should I lie? It's there for you to see."

MacVey couldn't answer him; he just stood there, his fingers sunk in Sherman's biceps, his breath heavy and his eyes on fire with greed.

"My God," he said, "millions!"

(TO BE CONTINUED)

SMASHING THE RACKETS

(Continued from Page 7)

maintained a beer monopoly in Northern New Jersey at the cost of uncomputed homicides and lesser crimes. Enriched by beer, night clubs, two Broadway hotels and narcotics, Waxie sent one son to a good prep school in Virginia, another to the University of North Carolina. He backed musical shows, wintered luxuriously in Florida, maintained his family in a fabulously furnished apartment, alongside unsuspecting neighbors. His library, like many another new-rich nabob's, comprised only heavily tooled leather sets, uncut and unread.

A solid millionaire was Waxie until he fell afoul of Dewey, and in 1930 and 1931 his income, as deciphered by the Internal Revenue accountants, stood at $1,616,690—of which the Government unsmilingly claimed $382,974. By an entertaining irony, Waxie, the last of the plutocratic beer barons, was found guilty on December 1, 1933, only five days before repeal. He was sentenced to ten years and fined $80,000.

In the Gordon trial, Dewey introduced a telling surprise witness—a tactic which he has uniquely made his own. This witness' confrontation of Waxie, and Waxie's reaction, produced an effect almost magical on the jury. Dewey is a master of surprise. In the early racket prosecutions, he daringly arrested the prospective defendants before he had the evidence to hold them and trusted to secret raids to bring in the witnesses. The usual practice is, of course, the reverse. He has been, as we shall see, fertile in improvising startling legal techniques.

At this time, Dewey was only thirty-one, the youngest United States attorney in the history of the district. On November 19, 1933, as the Gordon trial opened, Medalie having resigned, the district judges, with the approval of Attorney General Cummings, elected Dewey until President Roosevelt should fill the vacancy. Dewey resigned on December twenty-sixth, when the President named his successor, and thus was forestalled from prosecuting Schultz on the indictments he had procured. Schultz subsequently escaped conviction in two trials. Serving in the United States attorney's office from April 1, 1931, to his resignation date, Dewey had learned the specialized trade of prosecuting the big fellows.

His background and early life had given him no aptitudes of that sort. A less likely candidate for the job of dispersing New York's shrewd, contemptuous and resourceful underworld could scarcely have been found. He was born and grew up in a small Michigan town, far from big-city sophistications. His first ambition was to be a grand-opera singer. He was a stranger to New York until, a scant ten years before he fixed Gordon's goose, he arrived to study singing and the law. In New York he had no family, prep school, fraternity or college friends in high place to put him on to the ropes. Which may have worked to his advantage, leaving him

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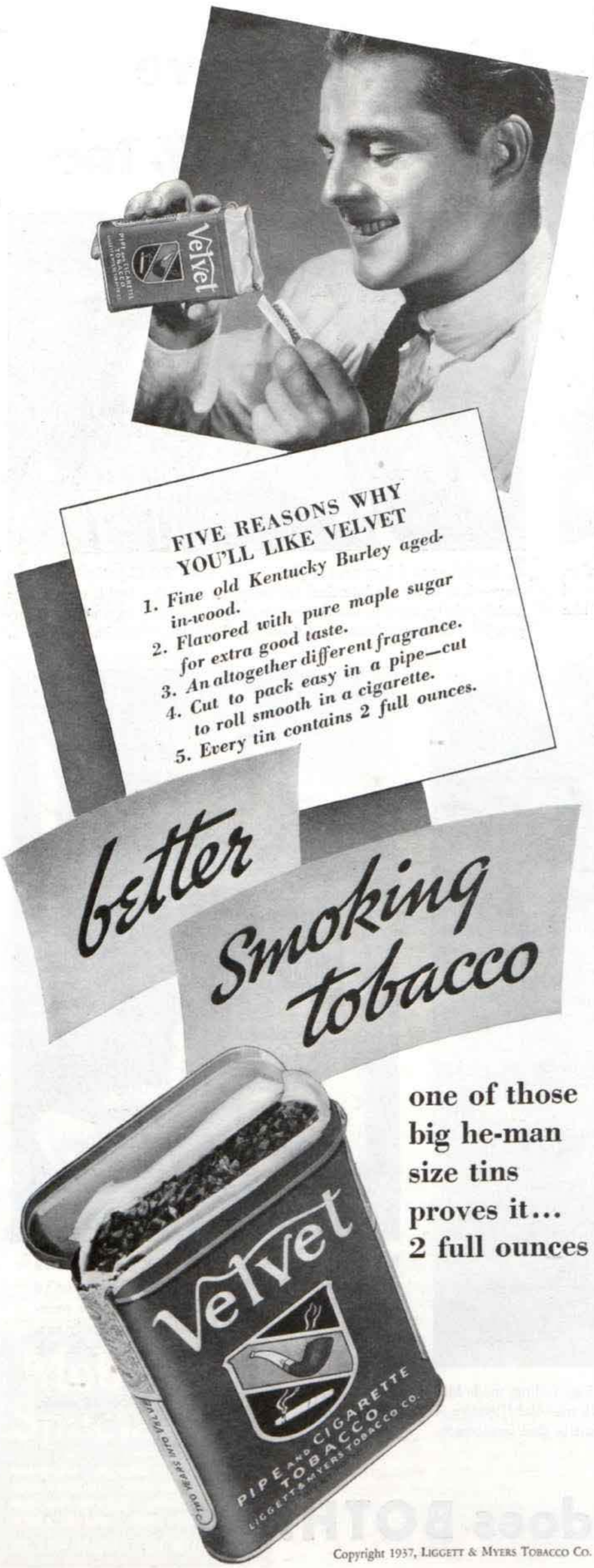
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(Continued from Page 46)

free of the boyhood or neighborhood claims he might have known had he been a native New Yorker, and giving him a certain aloofness.

Tom was born on March 24, 1902. He was christened Thomas Edmund. He came from a family of editors, the first editor, his grandfather, George Martin, having founded the Owosso Times in 1887. Grandfather Dewey, born in New Hampshire ten years before his third cousin, George, the future admiral, first saw the light in Vermont, went to Harvard two years, joined an astronomical expedition to South America and, returning, struck out West to Michigan and country journalism. He arrived in Michigan in time to take part, with other Free Soil radicals, in founding the Republican Party "under the oaks" at Jackson in 1854.

The Long Way to Law

George Martin Dewey, Jr., Tom's father, went to West Point, where, in his third year, he fell from a horse, incapacitating himself for further military service, but not impairing his health. He married Miss Annie Thomas and succeeded a brother as editor of the Times.

The only child, living in a white frame house set in a shady lawn, Tom's boyhood was average. He was never truant or tardy in twelve years at school, but he once pelted a teacher, presiding in a way he regarded as pompous over study hall, with a wad from a pea shooter. He is an old Post boy. His pocket money was earned by acting as agent for the Curtis magazines, employing up to fifteen other boys. He hung around the Times print shop, learning to stick a little type and make ready a form for the press with anything from tissue paper to whittled matchsticks. He now boasts that he could kick off 2000 circulars an hour on a hand-fed job press. He played a little football, more tennis, built igloos, went on hay rides, and in summer swam and sailed on near-by lakes.

Nothing about his life pointed to an interest in crime, criminal law—or indeed any sort of law. He recalls that he never stuck around police headquarters or police court. Nor did he read detective stories as a regular thing. He was more interested in politics, and his nickname, Ted, derived in equal part from the fact that his initials spelled that diminutive and from his advocacy of Theodore Roosevelt. He was an articulate though a very young Bull Moose.

At the University of Michigan, which he entered at seventeen, Tom likewise gave no sign of his future preoccupation with law enforcement. He had not led his classes in high school, nor was he destined for Phi Beta Kappa at Ann Arbor. He was neither grind nor athlete and, having none of the obvious earmarks of a campus hero, failed of being tapped by a big fraternity. At Ann Arbor, he discovered his voice, a rich baritone, and he led the glee club for two years, starred in the Michigan opera. He became president of Pi Mu Alpha, a musical fraternity which had a general chapter at Ann Arbor. In his freshman year, he made the Michigan Daily as a reporter and thereafter served as telegraph editor. A gregarious, convivial undergraduate, he was always ready to harmonize on ballads. In his fourth year, he took the first-year law course and in that year also he won the Michigan state singing contest.

By virtue of this championship, Tom bore the banner of Michigan at a national singing competition in Nashville, Tennessee, where he finished third, but encountered romantic complications that came near to keeping him from the big moment of his Ann Arbor quadrennium. He had been chosen to sing the solo at Commencement, but dallying in Nashville for three days beyond his time, he arrived back in Ann Arbor only on the morning of Commencement. However, he learned his solo and, turning in a good performance at Hill Auditorium, convinced the university that he had a bright future—in grand opera.

The applause still warm in his ears, Tom went to Chicago, where he won a scholarship with Percy Rector Stephens, a New York voice teacher who was giving a summer masters' course at the Chicago Musical College. Between scales, he worked in the law office of Litzinger, Healy and Reid, in which firm his mother's cousin, Leonard Reid, was and is a partner. He had intended returning to Ann Arbor in the fall to continue with law and singing, but Stephens urged him to go to New York. He went, enrolling in Columbia Law School, and the mobs of New York therefore owe Dewey's disquieting presence to a singing teacher.

That was in 1923, and for the next two years Tom jointly pursued studies in two arts, pleading and singing. On Sundays he sang at an Episcopal church. In addition, he edited the national magazine of his fraternity.

At the law school he earned no honors. He mildly regrets that he did not go out for an editorship of the Columbia Law Review, a spot which carries with it the pick of several big New York law offices with a larger salary to start. He has several Law Review men on his staff. At Stephens' studio, he gave at least one recital. Stephens, who has taught, among others, Reinald Werrenrath and Paul Althouse, characterizes Tom's voice as of "good quality and virile." He adds that he had good sense of the histrionic and a determination which would have made him a great singer had he continued that bent.

"There was a lot of the bulldog in Tom," says his former master.

Good-By to Orpheus

At the Stephens studio, "Bulldog" Tom met an attractive pupil, Miss Frances Eileen Hutt, of Sherman, Texas, a grandniece of Jefferson Davis and a mezzo contralto. Miss Hutt went on the stage, appearing in John Murray Anderson's pioneer stage presentations at the Paramount Theater, touring in Anderson companies for two seasons and going on the road in 1927 as prima donna with a George White's Scandals show. Tom and Miss Hutt were married in June, 1928. They have two sons, Thomas Edmund, Jr., who is five, and John Martin, two.

Graduating in 1925 from law school, Tom passed the summer touring England and France in a considerably used car, and that fall returned to New York, electing the law over music and getting a job in a downtown law office. He transferred to another in two years. Until 1930, he was merely one of many rising young apprentice lawyers in the lower end of Manhattan. In that year he met Medalie, a meeting which grew into a friendship and resulted in deflecting him from corporation law to public prosecution. Handling an important banking case, he asked his firm

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PHILLIPS' Milk of Magnesia

(Continued from Page 48)

to retain Medalie, a noted trial lawyer, as counsel. This was done and for weeks he sat daily in court at the older lawyer's elbow. His intelligence and energy impressed Medalie.

By a coincidence, Medalie was appointed United States Attorney on the last day of the trial. Amidst the congratulations, Medalie asked Dewey to help select young men for his staff and offered him one of the fifty-two places. Dewey declined, but they continued to meet, and presently Medalie asked him to head the criminal division. Dewey again refused.

Then came the offer to be chief assistant. He accepted.

Dewey was only twenty-nine and had never appeared in a criminal trial. Nothing in his previous life, as we have seen, had prepared him for the special talent which he soon brought to bear on criminal prosecution—no predilection, no associations, no underworld outrage which had touched his animosity. The social climate in New York at the moment was favorable to vigorous law enforcement. The elevated and glacial Samuel Seabury moved like an avalanche through Tammany's tin-box brigade.

Militant civic righteousness was in the air and Dewey found Medalie's desire for swift, ruthless action against the big fellows strictly to his liking. He, rather modestly, holds that all the qualities needed in the make-up of a good prosecutor are (1) honesty, (2) knowledge of the law, (3) determination and (4) a willingness to override party considerations. Having served as a chief assistant under a Republican President, as United States Attorney and special assistant attorney general under a Democratic, and as rackets' prosecutor in New York under a Democratic governor, Dewey regards his career as being nonpartisan.

Moving forward to June, 1935, we find Dewey the subject of a newspaper controversy. Dodge, rejecting the grand jury's nominees, suggested a substitute, who established an overnight residence in New York City to qualify, was duly appointed, but refused to serve when the jury would not budge. Dodge threatened to have the grand jury discharged, but that defiant body checkmated him by filing a presentment asking their own dismissal on the ground of the district attorney's obstructiveness. They sent a copy of the presentment to the governor at Albany, urging him to intervene. Meanwhile, the City Affairs Committee, an influential good-government body, private citizens and the press, favorable to Dewey, besought the governor for action.

Enlisting a Crusader

The governor acted promptly, ordering Dodge to supersede himself in the special investigation with an assistant to be named from a panel of four handed down from the governor. Lehman's panel comprised four widely known Republicans: Charles Evans Hughes, Jr., Charles H. Tuttle, Thomas D. Thacher and Medalie. Hughes and Thacher had been Solicitors General of the United States, Medalie and Tuttle United States Attorneys in New York. As a man they refused to serve, urging Dewey.

The governor asked his nominees to meet him with a view to reconsidering, but they again unanimously preferred Dewey. Whereupon the governor permitted his objections to be overcome, directing Dodge to appoint Dewey nominally as a deputy assistant district attorney, the lowest rank in the office, but with powers equaling those of the district attorney himself. Dewey himself fixed his salary at $16,695, the same as the district attorney's, although his private practice had been on the point of earning him $50,000 a year. Earlier special prosecutors had put in lump-sum bills for fees which sometimes had been audited downward. On June 28, 1935, Governor Lehman called an extraordinary trial term of the Supreme Court, presided over by Justice McCook, a Republican, to hear the Dewey matters. Justice McCook had won the D. S. C. and the sobriquet "Fighting Phil" in France.

Manhattan Rat Hunt

Dewey was sworn in, a grand jury empaneled and the battle joined. The life history of each of the 200 men on the panel had been gone over for racket connections or sympathies, or for dubious political associations. Dewey had taken hold without fanfare. Giving no interviews, he remarked that publicity convicted no racketeers. When pressed for his opinion of mobsters, he relented, saying succinctly and with feeling:

"Yellow rats."

As it was to turn out, he meant it.

In his first few weeks in office, he gave insight into his methods. They were terrifyingly secret, unhurried and as brutally direct as those of the "big fellows" themselves. He stopped at nothing this side of the law in getting information. Someone once said that Dewey owed his success to the fact that he "knew when to break the law." Dewey quotes this, but denies it, saying that it is not necessary—nor, of course, proper—for a prosecutor to break the law if he knows it well enough. Nevertheless, the observation is illustrative in the large sense. Dewey has turned the tables on the underworld by operating against it as ruthlessly as the mobs have acted against society. To him, his crusade has been a war in which there was no room for nicety. Witnesses "sing" for Dewey, the former singer—or wish they had. His "singing school" has had remarkable success in making hoarse hoodlums and quite timid businessmen vocalize.

But apart from the persistent, adroit, intelligent relentlessness with which Dewey and his men have operated their "singing school," his principal contribution to law enforcement may lie in the evolution of a Dewey philosophy of prosecution. As will be made apparent later, the Dewey prosecutions have enlarged the power of society to deal with organized and multifarious crime, it being now easily possible to punish individuals simply for being in the business of crime, where heretofore offenders could be handled only for specific offenses.

At once, Dewey let it be known that he was after the higher-ups, the "masked and major" figures of the underworld. This was to be no ordinary vice clean-up, and he had not, he observed with a certain bite, "quit a good law practice to convict prostitutes." Announcing for the record that this, likewise, was not to be a "goldfish-bowl" investigation, he pledged protection to witnesses in the strongest terms. He asserted reassuringly that "in no criminal prosecution with which I or any of my assistants have been connected has any witness ever been touched either before or after trial."

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(Continued from Page 50)

With a view to safeguarding witnesses, he established leak-proof offices in the Woolworth Building, which has the virtue of many entrances and exits and isolated freight elevators. Frosted-glass partitions between all offices, Venetian blinds at outside windows, a twenty-four-hour police guard and plain-clothes men in the building lobby as well as untappable telephone wires were calculated to frustrate spies. He appointed four chief assistants who had served with him in the United States Attorney's office, young, smart, trusted and trained in the Dewey methodology, and willing to work with the boss eighteen hours a day. They are William B. Herlands, Barent Ten Eyck, Murray I. Gurfein and Jacob J. Rosenblum. Wayne Merrick, a former G-man, was made chief investigator. Sixteen other lawyers were added to the staff, with a corps of clerical workers, accountants and a few dollar-a-year men, young lawyers who liked the crusading spirit of the enterprise and wished the experience. Acting Deputy Chief Inspector John A. Lyons, in command of seventy-five picked detectives, was detailed to the Dewey office by order of Mayor La Guardia.

The Results of an S O S

Sworn in, Dewey broadcast an appeal for information over the radio. In outlining the scope of his job and its vital concern to the people, he said:

"There is scarcely a business in New York which does not somehow pay its tribute to the underworld—a tribute levied by force and collected by fear. There certainly is not a family in the city of New York which does not pay its share of tribute with every meal it eats. Every barrel of flour consumed pays its toll to racketeers. Every chicken shipped into the city brings tribute to the poultry racket. There are few vegetable or fish markets where merchants are not forced, by sluggings, destruction of goods and threats, to pay a heavy toll." He estimated the number of rackets in New York at 100.

The public reaction to Dewey's preliminaries was, on the whole, hopeful and he looked forward to a spontaneous inpouring of evidence. While politicians expressed doubt, a section of the press withheld judgment, and the underworld, seemingly forgetting Waxie Gordon's fate, mistakenly called Dewey a "boy scout," the man in the street, on the only showing available, had faith in him. I refer to the inquiring photographer for the Daily News, who, interviewing six citizens at random, found them an enthusiastic unit in predicting Dewey's success. Editorial opinion in other cities ranged from downright derision of New York's latest house cleaning to faint good wishes. A general note of defeatism ran through the editorial pages. One voice was raised officially against the project, Borough President Lyons, of the Bronx, grumbling, when Dewey asked for his first grant, $121,456, that it was an "extravagant use of the people's money." No one has spoken against the prosecutions since that time in the Board of Estimate. The cost, roughly $500,000, has been less than one sixth of what New York City normally spends for its prosecuting offices.

Dewey, as noted, was thirty-three and looked no more than his age, which bothered him. He still is definitely on the young side, his cheeks unfurrowed, his complexion clear. He is of average stature; his nose is sharp at the end and tilted combatively; he wears a full mustache. His eyes and voice command notice. The brown eyes glow, distend, kindle and gleam in apparent ferocity when he demands, often getting, the impossible of his staff. His voice is a perfect instrument, mellow, resonant, deep and flexible. Both eyes and voice are singularly apt weapons for use against hostile witnesses and skeptical juries.

The prosecutor almost literally is the man nobody knows. He genuinely has shunned personal publicity and he has been too busy to meet the public. As for the underworld, Dewey has rather broadly remarked in several trials that he refrains, as a matter of policy, from meeting mobsters.

Since 1931, he has led a sort of reclusive existence, limited pretty much socially to his own and the homes of a few friends. One of the most entertaining sights in all New York, I am sure, is to see Dewey, at the end of a lengthy day, bringing his celebrated powers of concentration to bear on remembering the words of the songs he once sang at Ann Arbor. His powerful baritone roars lyrically out over lower Manhattan from the fourteenth floor of the Woolworth Building, but, unhappily, he can't recapture the verses.

Last winter, feeling excluded from public dancing places by the nature of his assignment, he and Mrs. Dewey joined in organizing a private dancing class. He reads, when he gets a chance, biography, history and novels; no detective stories. He went six weeks once with only three dinners at home. He performs prodigious feats of sustained effort without turning a hair and thinks others are as gluttonous of work as he is. His assistants and subordinates think of him affectionately, when they are not being driven mad by lonesome spouses or debarred for long periods from all other activities, as a tyrant. He gets the utmost done. Occasionally of an evening, the champion singer of Michigan, 1923, begs the former prima donna for a duet, and they sing, with Mrs. Dewey playing the accompaniment. He never learned to play the piano.

The Singing School

The "singing school" opened for business at the end of July, 1935, with its doors figuratively wide to receive the expected flood of information. Dewey, the mayor and the governor had appealed to the public to come forward. Here, it had been said, was a strictly legitimate, secret and powerful agency for redressing the wrongs the community had suffered at the hands of the mobs. It was assumed that the businessmen and others who had been exploited, threatened and robbed by the rackets would welcome this door to freedom. They did not. Informants came in droves, in hundreds and thousands, taxing the staff. But 40 per cent at least were cranks, or worse. And of the others virtually none brought evidence suitable for the grand jury. The best they supplied was tips.

No victim of the rackets appeared. It was when, the first rush over, Dewey realized the wholesale and thoroughgoing reticence of the racket victims that he first really understood what a stupendous task he had. When he reached out to bring in the racket victims, he had confirmation. Businessmen of repute told his assistants they would rather go to jail than talk, believing that course safer than relying on the protective arm of the special prosecutor's office. They were deeply frightened men. For years they had known—it was a commonplace of New York life—that complaints to the district attorney bounced back through the underworld as fast as made. How could they be sure that the underworld did not have a finger in Dewey's office too? They preferred not to take a chance. For a year and a half the Dewey staff persistently "sold" its reliability, its integrity, its freedom from mob attachments, and with indifferent results. In the whole course of the prosecutions, no racket victim voluntarily gave testimony.

An Underworld Challenge

The crusade still was in its fact-finding stage when, late in October, the underworld delivered what might have been construed as a challenge to Dewey. On the night of October twenty-third, Dutch Schultz, taking his ease in a Newark, New Jersey, tavern, was mowed down with three companions. They quickly died, but the Dutchman lingered in a hospital, deliriously muttering names and tags of experience, none of which proved useful to the police. Then he, too, died. The same night Marty Krompier, a Schultz captain, was shot in a Broadway barbershop.

The Dutchman had been a jittery, cowardly thug with a certain skill at organization, who hired his murders done. He already was in decline, due to the absences enforced by his desire to beat the Federal raps. An ex-bartender, in his golden years Dutch had turned to horseback riding and for a limited period to literature. While on the lam he professed to have read The Forty Days of Musa Dagh, commenting enviously that in "them days you could knock off hundreds without getting into no jams."

A very dull person could have seen that the Dutchman's elimination had been brought about for business reasons and that it assuredly implied no underworld alarm over Dewey. Someone at Police Headquarters in New York gave out a list of nine racketeers who might stand to profit. There was talk in the newspapers of a mysterious combine called the "Big Six," or "the Broadway mob," which, presumably, had decreed Schultz's removal because he was disturbing delicate arrangements as to territory and jurisdiction entered into during the Dutchman's absence.

Dewey's men narrowed it down. Privately, they listed four "big fellows" who, in all likelihood, had followed the news of Schultz's hospital condition with an intimate interest. They were Charles (Lucky) Lucania, known as Luciano; Louis (Lepke) Buchalter, Jacob (Gurrah) Shapiro and Henry (Dutch Goldberg) Shomberg. Luciano is now serving thirty to fifty years in Dannemora Prison, specifically as a vice racketeer. Lepke and Gurrah, regarded by Dewey as the most evil industrial racketeers in the country, are fugitives from Dewey indictments in the enormous garment-center rackets. Goldberg, said to own a very smart hotel as well as many less attractive spots, has not been seen in New York for nearly two years.

Schultz had become a small shot when he was rubbed out. Luciano was four times as potent. He was scarcely known to a public which still thought of the Dutchman in big numbers.

Taking no official notice of the Dutchman's demise, Dewey made ready for his march into the underworld.

Editor's Note—This is the first of a series of articles by Mr. Davis. The next will appear in an early issue.

THE BIGGEST RACKETEER FALLS

THOMAS E. DEWEY'S STORY OF SMASHING THE RACKETS

By FORREST DAVIS

TOM DEWEY preferred not to fork through the muck heap which is prostitution in any town. He did not take office as a moral reformer, he regarded vice cleanups as usually trivial and, moreover, he was armed for bigger game. He so announced. Yet, early in his campaign against New York's murderous mobs, Dewey was compelled to conduct what looked like an old-fashioned onslaught on the red-light district in order to get Charles (Lucky) Luciano, powerfully remote, predaceous, the prime mover of organized crime in the Eastern States. That was Anomaly No. 1 in this historic prosecution. The second, like unto the first, was that Luciano, flour-faced, droop-eyed, but plenty smooth, did not elect to be a vice racketeer. He had been driven to add that minor racket to his holdings out of considerations of prestige and security.

A quality of inevitability ran through the Luciano prosecution. By a strange anachronism, it resembled a morality, played on a cathedral porch in the Age of Faith; a drama wherein the hero inexorably destroyed the villain out of a logic apart from their wills. Neither Dewey nor the racketeer chose his part; the former to inquire into prostitution, the second to muscle in on it. They had no option.

Which is by no means to say that Luciano was above trafficking in women. Scarcely. Nor that Dewey had to be shoved into what, at first glance, appeared to be an anti-vice crusade. On the contrary, when Dewey suspected that the best trail to Luciano led through prostitution, he took to that trail.

PHOTOGRAPHS OF THOMAS E. DEWEY TAKEN FOR THE SATURDAY EVENING POST BY RUDOLF H. HOFFMANN

Mrs. Dewey, the Former Frances Hutt of the Stage; John Martin, 2; Thomas Edmund, Jr., 5, and the Prosecutor, Attacking a Family Problem

Unlucky Lucky

THE Luciano case, in its origins, did seem to represent a deviation from his main objective—the industrial rackets. But it turned out to be an excursion into the heart of organized crime and, when Dewey had finished a prosecution remarkable for imaginative organization, doggedness and daring, he had laid out for all to see the perfect skeleton of a criminal racket. Moreover, he had compiled a record which gave unique insight into the organism's workings before it expired.

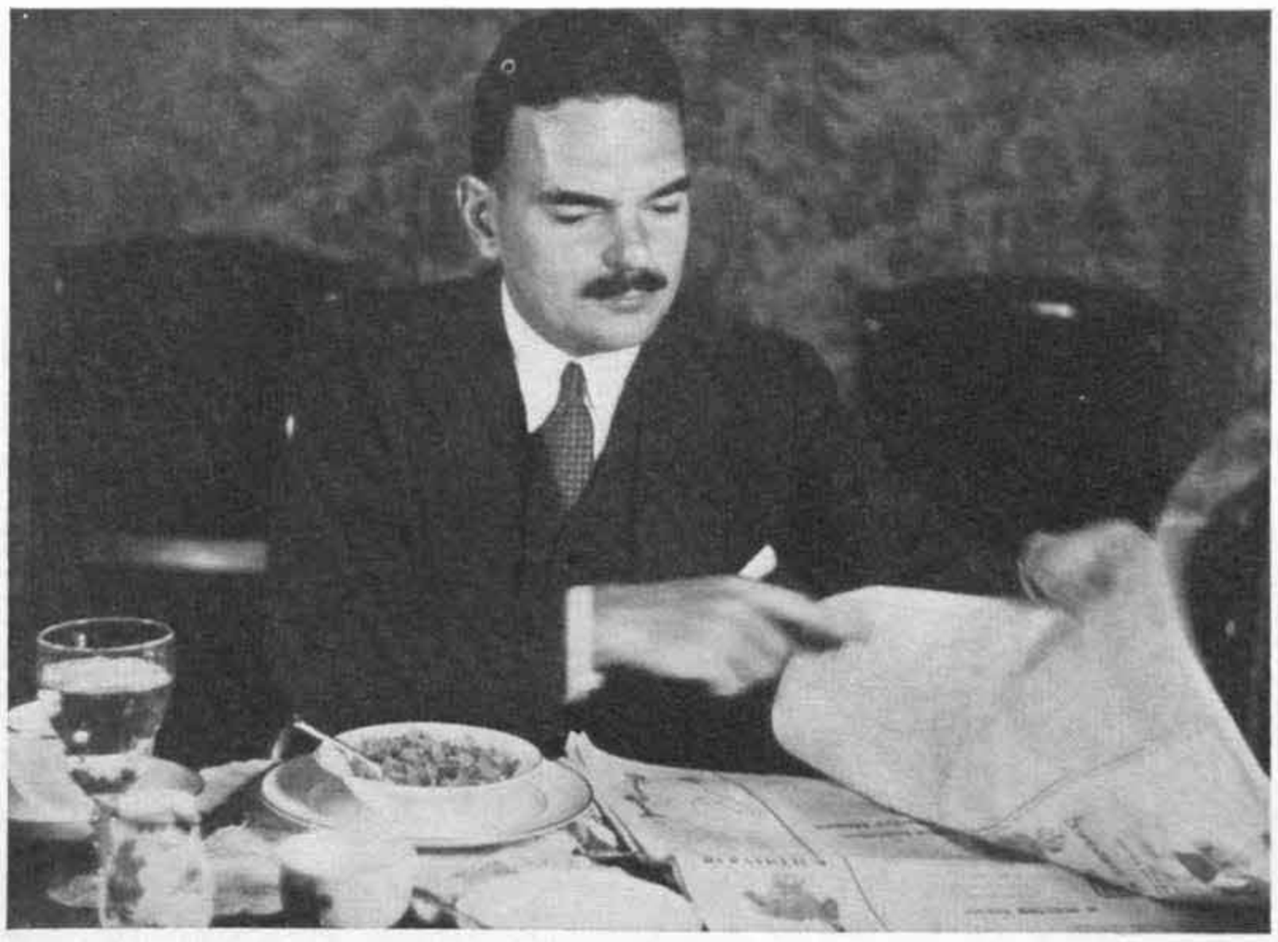
Since Dewey took a criminal racket apart, no one now need guess what makes one tick. Furthermore, the conviction of Luciano and his grisly mob, thus obliterating the prostitution racket in New York—at least temporarily—marked society's first genuine, decisive victory in its rear-guard action against the racket, streamlined and new-style.

At the outset, Dewey could not place Lucky—as he preferred to be called—at the top of the vice pyramid. All he had to go on was: (1) underworld reports unanimously testifying that a mob had taken over prostitution, levying tribute; (2) two racketeers identified as "Lucky's men" seemed to head the mob; and (3) a knowledge that Luciano stood generally at the top of the underworld.

Dewey knew that Luciano was big; that from the Waldorf-Astoria tower where he lived splendidly, but inconspicuously, as "Mr. Ross," he specialized in the direction of big-time crime. Lucky was an entrepreneur, banking thieves and gamblers, but as head of the lethal Unione Sicilione he likewise commanded shock troops—the torpedoes, or hired assassins, who eventually enforce gangland's laws. Dewey knew that Luciano, a one-time East Side punk, controlled the import of narcotics; that, as the No. 1 fence, he would buy anything that had been stolen, from carloads of silk, and jewels, to a hijacked truckload of tires; that he was a big dealer in illicit alcohol, ran an Italian lottery and a string of horse parlors, or poolrooms. In short, that Luciano was the biggest criminal "dealer" in the East.

Dewey was morally certain of all these things, but, mind you, back in 1935 he could not have proved any of them. The disfigured little Luciano—his face had been cut to ribbons on a "ride" from which he returned in 1929—was a mole, or a fox—or a phantom. The New York public, in 1935, thoroughly familiar with the genealogy, misdeeds and reading habits of such lights as Arthur (Dutch Schultz) Flegenheimer and Jack (Legs) Diamond, scarcely knew Luciano's name, and certainly had no accurate idea of his evil magnitude.

It was from the fact of Luciano's concealed underworld eminence that Dewey took his departure. He added to what he knew, a hunch. He reasoned this way: If a mob has taken over the unorganized business of vice, creating a syndicate, it must have the



Breakfasting, Mr. Dewey Puts a Finger on the Day's News—Bad News for the Gentlemen on the Right

David (Little Davy) Betillo, Torpedo

Dave Miller, Who "Sang"

Charles (Lucky) Luciano, the Boss

Tom the Bull Pennochio, Lieutenant

Abie Wahrman, Chief Strong-Arm

authority and patronage of a powerful mob chief; that mob chief must be Luciano, because Lucky is so big that he couldn't brook a rival in control of such valuable underworld territory.

"A mob leader," Dewey postulated, "cannot control organized crime in a community unless he controls it all, either directly or through alliances where he holds the decisive power and is, in effect, the boss. A mobster's ascendancy and a racket alike rest on the respect and fear of the exploited. If a racketeer of Luciano's size permitted another racketeer to take over vice, which is at the center of the underworld, he would be allowing his power to be whittled away by so much. It might undermine him entirely. A successful rival attracts subordinates and retainers, as well as the minor, semi-autonomous racketeers, and weakens the fear which is a top racketeer's chief stock in trade."

So Dewey gambled that Lucky must be the boss of prostitution, of a syndicate setup borrowed from Chicago and the Capone mob in 1933, long before he had a scrap of grand-jury evidence with which to nail him. No racketeer at that time seemed more secure than the aloof Luciano, swaggering dead-panned through the sleeker night clubs in a $200 set of tails; morning-coated—"like a country gentleman," in Dewey's characterization—at Belmont or Saratoga; calling out his private plane for a flight to Miami or Hot Springs, Arkansas, where he hobnobbed civilly with big horsemen, gamblers and unsuspecting vacationists "in the legit"; posing himself as a gambler and bookmaker.

Overlords of the Underworld

DEWEY'S rationalization, obviously, was right as rain. Lucky had taken over the vice racket in August, 1933; moved in with two or three phrases, close-clipped but deadly. This is the way it happened. A couple of minor mobs, fired by the opulent success of the Chicago syndicate, began to compete in 1932 for the privilege of organizing a protection racket tied in with bail bonding. Each of the 2000 or more girls working in the more elegant (New York) bagnios, and the madams, were to pay regular sums weekly as "fall money"—that is, money to pay for bail, a mouthpiece, or lawyer, and, possibly, a "fix." The inmates were to pay ten dollars a week, the madams fifteen dollars, but none of the money ever was to be returned if cases were beaten or bail was otherwise handed back.

An ambitious scheme for the gorillas and minor thieves who made up the rival mobs. In underworld talk, a mob is two or more persons acting in concert for illegal objectives. The leader of one of the mobs finally discouraged the other, but he lacked a powerful sponsor, a racket overlord whose name, inspiring dread, would force compliance. His organization existed mainly on paper.

At this point, the matter reached the notice of Thomas Pennochio. A thickset mug, head of the Mott Street mob under Lucky, he ran the cutting and shipping end of the narcotics business. He was known as Tom the Bull. Promptly, he put the problem up to Little Davy Betillo, Lucky's cold-hearted chief torpedo, who meditated his homicides while smoking the pipe. Betillo, having worked for Capone as a salaried assassin, knew something of the Chicago vice setup. He opposed dealing the Lucky mob in, saying that the Manhattan situation was different on account of the apartment-house style of living; that you couldn't run prostitution openly in New York and, hence, the take would be scarcely worth the bother of dealing with such a lot of low, unstable characters. Tom the Bull contended only that if the Lucky mob stayed out, another big mob would move in.

They carried their dilemma to Lucky, who, seeing the force of Betillo's reservations, nevertheless yielded at once to the inevitable compulsion posed by Tom the Bull's alternative. Lucky simply couldn't afford to let another racketeer organize the women who are the camp followers and spies of organized crime. Nor collect the steady take. He bought in, so to speak, to consolidate his position in the big business of organized crime. "Send for the gees running it," Lucky ordered his men—a "gee" being, in mob argot, a "guy."

"You gees," Lucky ruled, with no formality, "have got to give up the book. I'm turning this racket over to Little Davy." The book referred to the records of the currently ineffectual shakedown.

Dewey knew nothing of this usurpation when he struck. But by late January of 1936, following months of work, he did understand the nature of the racket and knew the names and identities of Tom the Bull, Little Davy and their subordinates. With still no trace of Lucky, Dewey made two of the most sensational raids in history; he netted a dozen principals and 125 witnesses—the principals first, to the consternation of his assistants—and was putting them through his justly noted "singing school" in the Woolworth Building, before his hunch was confirmed. And that came about fortuitously. With all his celebrated forethought, Dewey had not planned that one of the minor principals should have been only three days out of a hospital, worried over a jumpy heart and, also, by an ironical twist, over the immunity of his wife—a wife, who, five years before, had retired from vice-ring activity to stay home and take care of their three children. But the rackets prosecution had no reason to count on a squealing invalid. And up to the moment of that break, Dewey, although he relied implicitly on his inductive reasoning, was prepared for the possibility that another racketeer than Lucky might emerge as the vice czar.

Springing the Trap

THE prosecutor baited his trap with seeming indifference, sprang it with a terrible swift secrecy. During the months in which the Dewey office delved into vice, no word got out. There were no arrests until the early morning of February first. That was the time of the first raid, when more than twenty higher-ups were seized in various parts of New York—seized and held so closely that no news of their fate leaked before the second raid, which took place that evening.

Two nights before Dewey struck, a half dozen of the principal mugs sat around the vice syndicate's office—a room reached through a dark court from an Italian pastry shop not four blocks from Police Headquarters—in an atmosphere of some alarm. A loan-shark member of the mob expressed the premonition that Dewey was preparing to hit into the racket. He had no grounds, but he felt uneasy.

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THE BIGGEST RACKETEER FALLS

(Continued from Page 13)

"If we was wise, we would lam," he said.

But Tom the Bull expunged the gloom, pointing to the ill-success attending earlier vice cleanups since the syndicate took a hand. "If that Boy Scout is gettin' hot, he'll only grab a couple bookers and some of the dames," said the Mott Street bully. A booker is a functionary who acts as employment agent for women, placing them in houses for a 10 per cent cut of earnings. Bookers antedated the syndicate; they were the top rung of the vice ladder before Lucky's mob moved in above them. In a widely heralded vice cleanup the spring before, in 1935, the Tammany district attorney's office had convicted two bookers, hailing one, Nick Montana, as "New York's vice czar." At the moment of his arrest, Montana had been reduced almost to the status of a salaried employment agent and collector—so big had the syndicate grown. The incident appealed to The Bull's sense of humor.

For twenty-four hours before the first raid—a day or so after The Bull quieted the fears of his colleagues at the office—Dewey had had the syndicate executives and the bookers tailed by detectives, with orders to make an arrest whenever they were separated from family and friends. Dewey wanted no one apart from the authorities to know they had been nabbed, the idea being to make it appear that the earth had opened and swallowed the missing thugs and panders. Without exception, the tops were thus taken and thereupon "buried" in the station house nearest the Woolworth Building.

Metropolitan Roundup

At nine P.M., the big roundup was scheduled. Every precaution had been taken against a tip-off; 150 plainclothesmen—all there were in New York—having been ordered to assemble at a midtown station house. They had been given another reason for appearing. Handed envelopes bearing addresses, the officers were told to wait at the places appointed until 8:55 P.M., open the envelopes and do as instructed. Inside were the descriptions of bagnios to be raided.

Dewey, who had remained at his desk from nine A.M. on February first to six P.M. of the second, had added a vacant half of the floor below his headquarters as a reception hall for the 125 prisoners taken from thirty-six houses. The place became a hive of shrill excitement as the women, wearing sheer stockings, pumps and evening frocks under fur coats of the dyed varieties, poured in from Black Marias and taxicabs. At once it was apparent that this was no ordinary raid. The girls were being mollified, treated with grave courtesy, called "Miss," having chairs, coffee, sandwiches and lights for their cigarettes tendered them. Barent Ten Eyck, of Princeton and the patroon Ten Eycks; Murray I. Gurfein, recently of the Harvard Law Review and author of the article on racketeering in the Encyclopedia of Social Sciences; and Mrs. Eunice Carter, Wellesley alumna, a Negress and the only woman on the Dewey staff, directed the questioning, in which all the legal staff took a hand. Gurfein and Ten Eyck are two of the four chief assistants.

The Trail to the Top

The "singing school" functioned at top form that night. Dewey's thesis had been that, inasmuch as he had no wish to punish prostitutes or, indeed, any underlings, he might persuade them to tell all they knew—inform on the ones next up the line. "I wanted the small fry to inform on the larger, the larger fry on the next larger, and so on up until we reached the top, where, I felt convinced, sat Lucky."

But before any of the women broke, while they still, indeed, were attempting to "case" their surroundings, Dave Miller of the nervous heart caved.

Dave, a booker, lived in Brooklyn with his wife and the three kids for whom she had sacrificed her career. She had been arrested with Dave when their car stopped at a red light in downtown Brooklyn. Dave's heart bothered him in jail and he got to thinking that his spouse should be home with the kids. So he sent word to Dewey that he would talk. The prosecutor assured him that his wife had nothing to fear, this inquiry being aimed at far higher figures.

Whereupon, Dave unfolded the history of the syndicate. The whole squalid story—all but one vital fact, the "gee" at the top. Willingly, he gave the names of the executives and lobbygows, but he stopped short with Little Davy. Dewey pressed him for the name of the "big fellow."

"Come, Dave, there must have been somebody bigger than Betillo, that punk?"

Miller's pulse thumped. "I got a bum ticker, Mr. Dewey," he pleaded. "Excitement ain't so good for it."

Dewey implacably suggested that there might be less excitement for Dave if he came clean. The booker ran his finger around his collar, wiped his spectacles—and gave. He had had trouble with the syndicate; they took away his book, shot at him and threatened his life. He fled to California, tried a filling station in Westbury, Long Island, then came into New York and sued for peace. He was offered the "string" of another booker, but demurred, fearing the deprived man might go to the cops. In that event, said the mug he dealt with, "we'll take care of you."

"You and who else?" asked Miller.

"Davy, Abie—and Charley," the other replied, and quickly changed the subject. For the Charley was Charley Lucky, the *nom de mob* of Luciano. Miller knew the name of the boss to be

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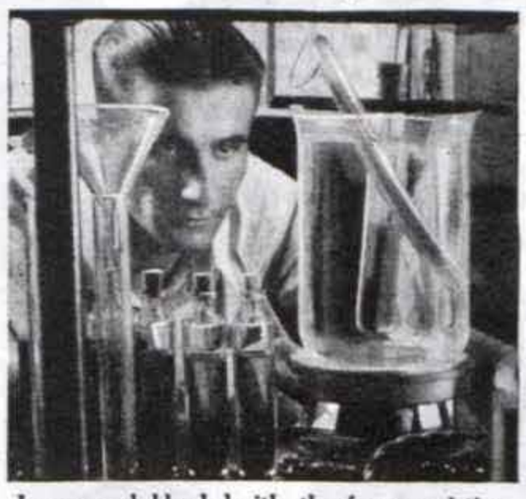

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(Continued from Page 65)

taboo; he was sure the syndicate executive was equally aware that he had spoken out of turn. Neither reopened the subject. The Abie of the reference was Abie Wahrman, only twenty, a venomous punk, who served the syndicate as chief of strong-arms.

His hunch confirmed, if only by hearsay and from the lips of a booker afraid of his heart, Dewey's theory was no longer in the realm of speculation only. He thereupon began one of the shrewdest, most unrelenting manhunts in the history of law enforcement. Dewey, the "master prober," tracking down Lucky, wiliest of outlaws, through the underworld jungle. Working at the utmost tension, Dewey supervised the entire hunt. He sifted all testimony as the women began to sing—madams nourishing grudges against the syndicate for its high-handed exactions; estranged wives, jilted mistresses. For one reason or another they talked, giving leads and clues. Two of them had known Lucky, one intimately; a third had talked syndicate business with him. Here were the chinks of light showing through to the trail.

Dewey, Third From Left, as an Irish King in a College Play

Two Careers

Spurred by Dewey's vast energy, the staff sent out for dozens more witnesses, obtained telephone records, seized scraps of paper and memoranda that, in new light shed on them, suddenly achieved significance.

Gradually the case against Lucky took shape, and late in March he was secretly indicted.

A curious parallelism runs through the story of Dewey and Luciano, two men as dissimilar as if they lived on separate planets. The story actually began with an obscure prologue in April, 1931, when, within a few days of each other, Dewey launched himself on the prosecuting career which would make him the scourge of the mobs and Lucky graduated from the ranks of gangdom's punks. Early in that month Dewey, only twenty-nine—and by underworld standards a fresh-faced innocent from Owosso, Michigan, by way of the Columbia Law School and six years in private practice—took the oath as Chief Assistant United States Attorney in the New York Federal Building. Thus began a brilliant record as Federal prosecutor which, in three years, built up Dewey's fame to the point that he seemed, and was, the inevitable choice when Governor Lehman determined to authorize a special prosecutor in June, 1935, for the single and formidable job of ridding New York of its rackets.

A few nights after Dewey was sworn in, Joe (The Boss) Masseria, the profoundly wicked head of the Unione Sicilione on the lower East Side, succumbed, while bent over cards in a Coney Island speak-easy, to the final leaden hazard in a precarious life. Masseria's bodyguard, known then as Charley Lucania, or Luciano, unheroically went under a table when the rods began to spatter. But, whereas he went under the table as a punk—an undersized man of thirty-three, in form-fitting clothes, who shot craps, peddled alcohol, shoved junk and occasionally drilled the boss' enemies—he rolled out the other side, when the speak-easy quieted down, as the new boss. Hopefully tattooed on his scrawny right arm were a talismanic horseshoe and, in purple letters, his *nom de mob*, Lucky.

Neither event dented the consciousness of a New York preoccupied with a fresh stock-market break, soup lines and apple sellers. No one thought to link them in a casual chain, or otherwise. Masseria's was only one of a rash of mob killings that spring, and a carload of "junk"-drunk hoodlums who sprayed a Harlem street filled with children, killing one, took the crime play away from ordinary mob executions. But, as it turned out, the Coney Island homicide projected Luciano into the top drawer of the rackets, and the other event was to have a sardonic bearing, five years hence, on Lucky's tattooed hope.

Luciano never had worked. Born on the East Side, he went desultorily to school, joined a juvenile gang, shot craps. At eighteen, he was for the first and last time in his career "a loser." That is, he went to prison. It was for peddling dope. That was in 1916, a year when his nemesis was in the second-year class at Owosso High School. In 1923, with Dewey singing the vocal solo at the University of Michigan commencement at Ann Arbor, and hearing talk of his future in grand opera, Luciano sang for his freedom in the Federal Building in New York. Apprehended with a trunkload of morphine, Luciano squealed on his principal. Parenthetically and perhaps with some retributive compensation, more witnesses, as Dewey sees it, violated the unwritten law of the underworld, "thou shalt not squeal," in the trial of Lucky and his mob than in any other criminal prosecution on record. "Not because they wanted to; because they had to," Dewey adds. In 1926, with Dewey settling down to the apprenticeship of the civil law in downtown New York, Luciano was arrested with Joe, brother of John Scalise, the expert torpedo of the Chicago Genna brothers, in a car which also contained two .45's, a shotgun and a couple hundred rounds. It was July.

Asked by the officers what the artillery portended, Luciano replied: "We was out shooting peasants."

The police, assuming that he referred to game birds, told him that it was not the pheasant season. But he stuck to his story and the case went out the window. In eleven arrests, Luciano served brief time in the penitentiary for the first and once paid a $1000 fine for running a game and carrying a gun in Miami. Otherwise, he had only the momentary inconvenience of each collar.

Now, succeeding Masseria, Luciano swiftly expanded. Masseria had been an old-style gangster, with a hundred murders charged against him at headquarters, and he often took part in mob executions. Not Lucky. He went high-hat, moved to Park Avenue and ruled so indirectly that the name Charley Lucky could be mentioned only in whispers in his earlier haunts. Dewey, calling him bigger than Capone, believes it impossible to overrate his malignant potency.

Studying his career, under Dewey's tutelage, we catch glimpses of the overworld of crime against which the rackets prosecutor had been faring. We see Lucky as a director of what might be called the Board of Trade of the New York area rackets on the occasion when his fellow directors passed sentence of death on Dutch Schultz, supposedly because he would not give up half the net take from his policy racket. The directors—Lucky, the Dutchman, Johnny (The Immune) Torrio, Lepke and Gurrah, the industrial racketeers; Dutch Goldberg, the arbitrator; as menacing a group of conspirators as Balzac's The Thirteen, who fictively terrorized Paris—met in a leading Newark hotel.

As far as I know, this is the first public account of the gathering.

The success story of an East Side punk. In 1936, it seemed flawless. Lucky went everywhere, did everything. He had beautiful dolls. He knew horsemen, song writers, actors, columnists, bankers, brokers. A seat was always warm for him at the better night spots east of Broadway over toward Fifth Avenue. But there was a weakness, the prostitution racket. Lucky sometimes pondered the vulnerability imposed by dealing, even at elbow's length, with such frail, unreliable characters as strumpets, the doxies who ran the bagnios and the bookers.

A Job for Rugged Individualists

When Lucky's men took over vice in New York, it stood, as an industry, in about the stage of development that it had when America was discovered. The booker was the only innovation. It was small-scale, unorganized business; a field still open to individual enterprise. The girls, who formed the broad base of the pyramid, earned up to $300 a week, out of which they kept half. The other half went to the proprietress outright, in addition to a steep sum for board—at least twenty-five dollars a week. To the booker went the 10 per cent cut; a five-dollar tip to the maid, a fee to the doctor, and various sums to loan sharks and venders of finery and cosmetics. What was left usually was lavished on their men.

(Continued on Page 70)

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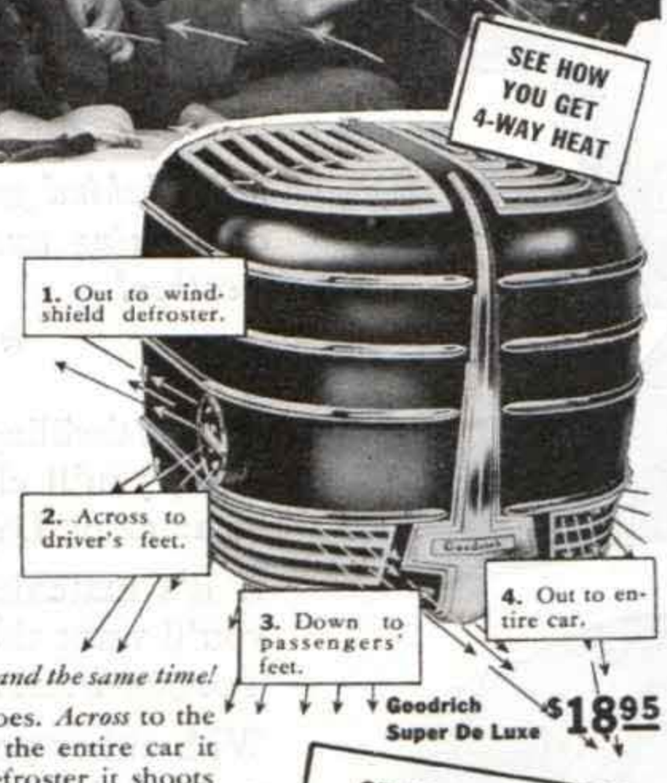
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Madams, if not bothered too consistently by the police, made out fairly well; a booker might realize $1000 in a good week.

Between August, 1933, and February, 1936, Little Davy and his subordinates had been able to organize something like 200 houses. The total yearly business of the syndicate has been estimated at $6,000,000 to $12,000,000. This was far from the bonanza which the Capone-Torrio mob had created in Chicago. Linking the supply of bootleg beverages with girls, the Capone mob took a cut from an estimated 10,000 beer and call flats in the Chicago area; from solid blocks of old-time brothels on the South Side and from scores of phony massage parlors in the Loop. In Cicero and other suburbs ruled by the mob, the traffic went on in the old honky-tonk, mining-camp manner. Roadhouses and lake resorts were compelled to deal in prostitution on the side; chain-store methods prevailed, with standardized accounting forms and the madams and bookers on salaries from the syndicate. But it ran into big business, into the chips, in New York also; although New York's bordels floated from apartment house to apartment house and the Lucky mob had not branched into the suburbs.

The Lucky invasion met with surprisingly little resistance. Bookers were told to give down $200 a week, although most of them begged off for less; the madams paid fifteen dollars, the girls ten dollars as fall money. No booker put up a fight. Madams who proved obstinate swiftly felt the mob's heel. The girls, known in the syndicate as "packages," had no choice.

A faintly desperate, middle-aged proprietress with a jutting jaw and horn-rimmed spectacles, Joan Martin, firmly declined to pay. First, Abie, the strong-arm, called with a couple of the gees. "Take the jernt apart," ordered Abie.

With knives, they slit the upholstery, ribboned the draperies. Joan was left with one kitchen chair. Two nights later, Jimmy Frederico, the general manager, showed up with a lead pipe, and the doctor took eleven stitches in Joan's scalp. Another punk paid the next call. With a gun, he stuck up Joan, the girls and the guests. When he threatened to shoot her dog, she agreed "to book." Such protracted measures seldom were necessary.

How a Crime Syndicate Worked

The mob opened a central bureau in a hotel in Seventh Avenue. There a low-salaried novice hoodlum, known only as Binge, kept a steady vigil for word of police raids. In a cache opened by a spring concealed under a light switch, he had the lists of houses and girls bonding with the syndicate. The syndicate worked. In 1935, of 175 girls arrested out of its houses, none served time in jail.

Back of the violence and efficiency indubitably stood Luciano. Dewey had been thoroughly accurate in his assumption. A dreaded name, Charley Lucky; no syndicate understrapper dared mention it. When, at an executive meeting, a booker uttered the forbidden syllables, Frederico rebuked him, promising that "Anyone who says that gets his head busted open." In his marble tower, Lucky transmitted orders and received reports from Little Davy and Tom the Bull like any baleful master mind in a racket talkie. Lucky ordered collectors short in their accounts fined $500, saying, "We've got to keep our books up to date." He imposed fines of $200 on bookers who solicited madams or packages from their rivals, generalizing that the syndicate "can't afford to have any chiseling." He forbade the gees to get mixed up with the girls, observing, "We've got to keep this racket clean."

At times, Lucky condescended to quit his tower for an evening with the top executives and their girl friends. Around a restaurant table he talked affably about the syndicate, unless vexed. Told one night that Dago Jean had defied the mob, he spat out: "Give her the works; the madam's gotta bond." Informed that a worked-over proprietress had gone to a hospital, he asked ironically for her health.

A Much-Needed Law

At dull moments, he grew reflective, even somber, and fell to wondering audibly if crime, including the syndicate, paid. But in brighter moods, he confessed to dreams of a bigger and better vice racket. Once, as Cokey Flo Brown, the mistress of one of the subordinates, listened appreciatively, Lucky outlined his plans for expansion. He proposed to standardize vice, raise prices, put everyone on salary and make it into a combine like Chicago. "Like the Orpheum circuit?" asked Flo, who hailed from the Midwest, where the Orpheum vaudeville circuit flourished in pre-talkie days.

"Like the Orpheum circuit," echoed Lucky.

These homely insights into the heart of the racket came out of the "singing school," wherein the considerate formula of the master never varied. Dewey acted throughout in the belief that the women would sing if, their confidence won, they had something they wanted in return. Invariably, they were treated as ladies. And, after a while, wants developed. This madam was dead sure she didn't want to go up on a compulsory-prostitution charge, a felony. She wanted immunity. Another wanted revenge, another to help mitigate the plight of a racket man who might have been indicted. A girl might wish to take the drug cure—there it was for the asking. All sorts of wants, which could be gratified if the girls would talk.

Amongst other factors, Dewey owed the destruction of Charley Lucky to the superb curriculum at the singing school, to the so-called Dewey Law, to the accident that Dave Miller's heart disturbed him and, certainly, to the midnight, unplumbable secrecy of the two raids. They broke the racket's heart. The singing school and Miller's heart produced the testimony. And the Dewey Law, passed at Governor Lehman's request by the 1936 legislature, enabled the prosecutor for the first time in New York to join the trial of a group of defendants charged with the same general offenses. Dewey was empowered by the statute to prosecute the ten defendants who finally stood trial as one mob and to convict them not only for the specific offense charged, compulsory prostitution, but also for being jointly in a criminal enterprise. The law, which brings New York up to date in meeting high-powered mob crime, was modeled on a Federal statute in force for seventy years. Any state which hopes to smash its rackets needs such a law.

Lucky was arrested in Hot Springs, Arkansas, under his indictment on April first. Like any other big dealer, he was taking the waters in Hot

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RUBBERSET DD DOUBLE DUTY TOOTH BRUSH

(Continued from Page 70)

Springs after a winter season in Florida. The officers found him chatting with friends on Bath House Row. His arrest precipitated a lively fight over his return to New York, from which city money gushed. There was a good bit of talk that some of the money came from reputable alcohol dealers who worried about collections from Lucky interests with him in jail.

The money retained the services of a half dozen leading local lawyers, including a state senator, a state representative, the city attorney and the former head of the County Bar Association. Detained at first in $5000 bail, Lucky easily put that up, and upon his release held a levee for the press. The resort warmed to him as a sporting man in a jam, probably over some sumptuary law. Lucky reenforced that feeling, assuring the press that his predicament was the work of politics, and adding that he "might not be the most moral and upright man who lives, but I have never stooped so low as to become involved in prostitution."

The Long Arm of the Law

In New York, Dewey stormed at the nominal bail, informing the Arkansas authorities that their prisoner was "Public Enemy No. 1, the most powerful and dangerous racketeer in the country." Whereupon, the judge called Lucky back and hoisted bail to $200,000, which was not met.

The airplane carrying extradition papers was grounded by storms, and the atmosphere in Hot Springs being, conversely, so clement toward Lucky, Attorney General Carl E. Bailey, later the governor of Arkansas, had the racketeer spirited out of the resort town's jail at dawn by twenty state troopers and taken fifty-five miles across the mountains to Little Rock for detention awaiting the extradition hearing. Bailey paid heed to reports that he had been offered $50,000 to keep hands off, by asserting that the honor of Arkansas was "not for sale for blood money." He conceded that major criminals on the lam frequently head for Hot Springs, but pledged that "Arkansas cannot be made an asylum for criminals."

Tight in the Little Rock jail, Luciano told his keepers, with some sincerity, that he did not wish to "see that man Dewey." It took ten days to claim Luciano from the Arkansas authorities. At midnight of that day, a train having been held for twenty minutes and with Lucky screaming to the Arkansas heavens, "I'm being kidnaped," he was started on the long ride back to New York. Arraigned there and put under the extraordinarily large bond of $350,000, Lucky covered his eyes, crying, "I'm in a fog." He continued to insist he had not been mixed up in any racket "so messy."

The trial, opening May eleventh, was the third act, the denouement of the miracle play of which we spoke at the beginning. All the consequences of Dewey's swearing-in and Masseria's murder in April, 1931, likewise flowed together in a New York Supreme Court room to conclude a dramatic syllogism. Three of the bookers had copped pleas, leaving ten defendants, including Lucky, Little Davy, Tom the Bull, Abie and Frederico. Dewey had 121 witnesses on call, the defense had seven lawyers.

In his opening, Dewey characterized the trial. Not a vice trial, but a racket trial—the first in history. Said he: "It is not my object to prosecute prostitutes, pimps and other underlings. I want the big shots. Luciano, sitting away up at the top in his apartment at the Waldorf as the czar of organized crime in this city, and his assistants, who, like him, lived on the earnings of these women's bodies."

The trial resolved itself into a confrontation of the two main characters, Dewey versus Lucky. They epitomized the conflict between society and the underworld. It took a month, during which the state paraded as riggish an assortment of witnesses as ever passed through a courtroom. Admitting their absence of character, Dewey repeatedly pointed out to the blue-ribbon jury—a venire including three bankers, an editor, a book publisher, an importer, a manufacturer and an engineer—that he, obviously, had been unable to produce "bishops, ministers or bankers" to testify about the vice syndicate. Low-voiced, in sure command of the voluminous testimony and the parading army of disreputables, Dewey managed the prosecution tellingly. A defense lawyer termed him "Thomas Belasco Dewey," another called him "the greatest actor in America," while a third, in exasperation, epithetized him "an irresponsible child of thirty-two." As a matter of fact, Dewey was thirty-four.

No stage management was called for, the drama spilling out in each day's session. Except for hitherto unrevealed matter brought out in this article—some of which could not be introduced under the rules of evidence, another part of it developing after the trial—the whole disgusting organism of the racket was laid bare. Dozens of bawds testified; a few fixing Lucky in the racket. Mildred Harris was one of these. The wife of Pete, the booker, and the moll of many a gee, Mildred described vain appeals by her to the boss, in Florida and New York, for the remission of her spouse's debts, so he could quit the syndicate and turn square. Pete was susceptible, and at that moment Mildred had been jealous. Pete himself testified to a punitive expedition on which he accompanied Frederico to Brownsville in Brooklyn. They picked up a mug who had been fingered as one of a mob that had stuck up a syndicate house. He quoted Frederico lecturing the offender, saying, "Didn't I tell you to lay off from these bonded joints? They belong to Charley Lucky."

Courtroom Drama

The defense attempted, by raking over the witnesses' odorous past, to discredit men and women who had been working at that job for years. A defense taunt aimed at one of the women brought an illuminating response. Asked why she had not told the truth when first introduced to the singing school, she said she had seen "girls beaten, burned and cut when they squealed."

But the clinching testimony came from a handful of employees from two hotels where Lucky had lived incognito—the Waldorf and the Barbizon-Plaza, a quiet hotel near Central Park frequented by cultured spinsters, artists and students. These, testifying to frequent visits from Tom the Bull, Davy, Abie and Frederico, placed Lucky in the center of his mob. Dewey supplemented these witnesses with documentary evidence locating Lucky in his vice racket and in the bigger world of organized crime as well. Telephone slips from the hotels showed calls to the syndicate hangouts; they also showed him in communication with Lepke, Gurrah, with Ciro Terranova, the potent boss of the Unione Sicilione in Harlem, the Bronx and lower Westchester; with Max Silverman, the racketeer recently captured in California; and with Ben (Buggsy) Siegel. Siegel, a second-flight racketeer who also lived in the Waldorf under a pseudonym, had a suite on the thirtieth floor, and Lucky enjoyed ordering visiting punks to get off the elevator at Buggsy's floor and climb the nine flights to him. It was the "big fellow's" idea of fun to watch them arrive panting and hot—and no mug ever thought of disobeying him.

Lucky, ill-advisedly, took the stand to deny that he knew any of the defendants except Little Davy. A startled reporter described him as a "hooded cobra," but, under Dewey's suave, deadly cross-examination, the No. 1 racketeer folded.

A City Strikes Back

One June night, a year after Dewey had undertaken the rackets job, he sat up with assistants until 4:45 A.M., preparing a summation which, at 9:30 A.M., he began to deliver. It took seven hours; it reviewed the complex, oblique, allusive but crushing case against Lucky as the top of the vice pyramid, presenting a picture so precisely lucid that the jury scarcely debated before returning a verdict holding all defendants guilty on all counts. Thereafter, a probation officer who had interviewed the prisoners reported that Lucky's outrageous moral bias continued even beyond his conviction. He still held that gees who worked for a living were a bit screwy.

Justice Philip J. McCook rated the sentences according to the defendants' standing in the racket. Lucky drew thirty to fifty years. The bookers who turned state's evidence got off with two to four years; Little Davy got twenty-five to forty. The judge added a joker, which provided that if any of the state's witnesses were to be harmed by violence inspired by the convicted racketeers, he would demand of the Parole Board that the maximum penalty be irrevocably fixed.

The racketeers scarcely had settled in their cells when the customary cry went up that they were framed. Dewey replied by disclosing that one of his assistants had been offered a bribe to scuttle the evidence against Lucky and that a witness had been tempted with $2500 and a gambling joint in the Adirondacks. He estimated that Lucky's defense had cost $250,000, with the expense still mounting steeply. A couple of former G-men rounded up the women who had given the hurtful testimony, finding Cokey Flo and a girl named Nancy Presser in dungarees, running a filling station in a Pomona, California, tourist camp. By bribes and threats, recanting affidavits were obtained in support of a petition for a new trial.

Dewey denounced the application for a new trial as "perjurious from beginning to end and a fraud on the court." The court upheld his view and, later, Luciano's appeal also failed.

Dewey turned now to the business rackets, his main objective, on which his office had been steadily at work, investigating, questioning witnesses, sifting and correlating evidence for a year. He was ready for the biggest job of all.

Editor's Note—This is the second of a series of articles by Mr. Davis. The next will appear in an early issue.

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The Hilariously Phony Trade Association's Pride, the Impressive Plaque. United They Fell, it Turned Out, for the Plaque Led to Books, to Checks, to the Mob, and to Prison. Though Handcuffed, the Underworld Kicks Back. While John Williams, Convicted Racketeer, Lunged at One Cameraman, Another Shot Him Neatly

THE TOUGHEST UNDERWORLD TRUST

THOMAS E. DEWEY'S STORY OF SMASHING THE RACKETS

By FORREST DAVIS

THE chromium-plated Broadway-restaurant racket had everything, including homicides. Thomas E. Dewey still rates it the pluperfect business racket. It belonged at the outset to a dough-faced mobster, Arthur (Dutch Schultz) Flegenheimer, whose whim was law in the midtown underworld. It was launched and operated by a curious megalomaniac, Julie Martin, who was also a clever organizer. The racket owned two subjugated trades unions and a richly phony trade association, and, hence, was a sort of caricature of a legitimate, closely organized big-business group. In scope, it was itself big business. Wired in politically to high places, covered by a certain rough mask of legality, the racket was spreading terror like a creeping barrage through the $400,000,000-a-year public-eating business in New York when Dewey, after a heroically patient eighteen months' campaign, cracked down, lodging seven top racketeers in prison.

The Dewey net did not enclose all the moving spirits. Five perished beforehand—four at the hands of the mob and the fifth, dreading Dewey more than the grave, by his own act. Four others escaped arrest and trial by taking it on the lam. But the racket was obliterated—the first racket preying exclusively on businessmen to be exterminated by the law.

The story of how Dewey broke the murderous, $1,000,000-a-year restaurant racket is, in essence, the story of how he "broke" Abe Finkel. Wherever we turn in the restaurant racket we find Abe Finkel. He was the proprietor of a little cafeteria on upper Broadway, a place with a big name, the Empire. Finkel never seemed to be out of hot water. Personally, he stood behind the cash counter, handing out tickets to be punched by the countermen; he was at the "store" early and late, seeing that the glass-top tables were kept sanitary, the coffee fresh. But he never made much profit; not steadily, at any rate. Abe was a pushover for the racket. They took him for a $1500 shakedown, which Abe had to borrow.

Finkel stood for the shakedown through fear. He shrank from the mob's stink bombs, its picket lines, personal violence and probable business ruin. But when Dewey began inquiring into the racket and reached little Abe, far down on the list, the prosecutor found no welcome from the victim of the racket. Abe would not talk. Like dozens of other restaurant and cafeteria proprietors, large and small, Abe equivocated, twisted and lied to get out of giving the low-down on his exploiters. That, too, was through fear.

The witness Finkel became a symbol, a prototype of the timid businessman who defies the law rather than the underworld; the mute victim. He was a phenomenon which always, until Dewey showed the way to open his lips, balked society in its uneven struggle with the rackets. But Finkel became more than a symbol of the reluctant witness. Unwittingly, Finkel supplied Dewey—as we shall see—with the weapon which enabled him to destroy the racket.

A dollar to one of Finkel's doughnuts that you never heard of him.

A dull fellow, he played a decisive, if unintended, part in the gorgeous melodrama of the eating-house shakedowns. He was drably miscast in that picaresque production alongside the money-hungry Dutch Schultz, rated as Public Enemy No. 1 until income-tax indictments, procured by Dewey as Chief Assistant United States Attorney, sent him into exile, decline and death. Likewise alongside Julie Martin, né Julius Mogilewsky, a 200-pound voluptuary who dreamed one moment of monopolizing New York's taxicabs, the next of becoming Commissar of Transport in the Soviet Union. A high, wide and handsome lad, trusting no one, Martin's body turned up in a snowdrift outside Troy, New York. He had been holding out part of the restaurant take on "The Dutchman." Also, clamlike Sam Krantz, who inherited the racket on Martin's demise; Krantz, who chilled lesser mobsters by sitting for as long as four hours without uttering a syllable, yet who took three and four baths daily, changing his Italian-glove-silk underwear with each bath. A sentimentalist, Krantz honored the memory of a girl who had jilted him. He took her name as his chief alias. Then there were the minor characters: Phil Grossel, a croupier, picked by Schultz to run the trade association because he acted smooth and looked like a businessman; and Louie Beitcher, the association's sales manager, whose qualifications consisted of successful careers as the operator of both bawdy and gaming houses.

Collecting Tribute in the Glamour Belt

STRONGLY flavored characters in a ruddy Broadway setting, only one of these reached trial. Schultz and Martin were dead, Krantz on the lam and Beitcher copped a plea, testifying against his mates. For a time, this crew ruled the Broadway roost. Night clubs, big popular restaurants and fancy hangouts known to the sporting trade from coast to coast were among their victims, the list including Jack Dempsey, who paid rather than fight. A large share of the 240 places paying tribute to the mob when Dewey struck belonged in the Broadway sector, the glamour belt from Fifth to Eighth avenues, 42d to 59th streets.

Dewey went to work on the restaurant racket the day he took office as special rackets prosecutor. On that date, July 29, 1935, he assigned William B. Herlands, one of the four chief assistants, to that job.

ACME

The Mob Nails Jack Dempsey to the Dotted Line. The Manassa Mauler Posed for This Picture With Paul Coulcher, Left, and Phil Grossel, Both Racketeers, When Told "Labor Troubles" Threatened His Cafe

Four months before Dewey picked up what had been fumbled in the office of the regular district attorney, Martin died, stabbed through the heart when he failed to satisfy "The Dutchman" that $21,000 equaled the fifty grand Schultz needed at the moment to defend his income-tax cases. Krantz took the croupier, Grossel, for a little walk in Central Park.

"Schultz handed me this racket," said Krantz. "I'll be taking what Julie took." That, an audit would show, was about 90 per cent of the total take.

Volubly Disclosing Nothing

A BIG-TIME RACKET since the fortunate court decision in February, 1934, it carried on in three divisions; organized, as Dewey points out, along sound business models. First, the phony trade association, the Metropolitan Cafeteria and Restaurant Owners Association, which fronted for that end. A supposedly legitimate body with a large suite of offices in a Broadway skyscraper, with a modernist bar at which drinks always were on the house; with a full list of dummy officers and directors, stationery, books, office equipment and large copper plaques which members were required to display in windows. Secondly, the trades-union division, with two locals controlled lock, stock and barrel. And, thirdly, the general executive department manned by the mob. No dummies here, this outfit took care of the strong-arm stuff, the collections and, in general, the finances.

Dewey used the copper plaques, big as dinner plates, as the entering wedge. Within twenty-four hours, the police, at his request, compiled a record of

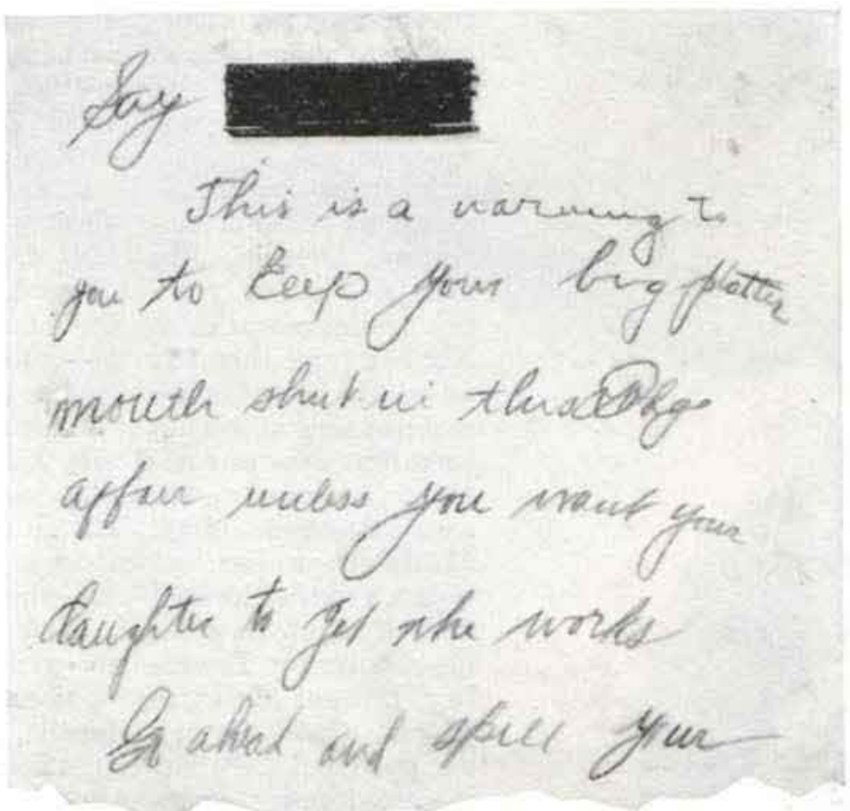
Dewey had advance knowledge of the outline and structure of this racket, which was, in fact, notorious by 1935. Unlike the vice prosecution, which went blindly step by step toward unearthing the deeply hidden Charley (Lucky) Luciano, Dewey proceeded here crabwise. He had the conclusion before he could get the evidence, and that is where, as later will be apparent, Abe Finkel came in. The wise guys on Broadway, a great many labor men, leaders and rank and file, and the New York County district attorney's office all knew about the restaurant racket.

The regular, Tammany district attorney probed the Schultz-Martin mob and its pretty new racket in the fall of 1933. Martin had recently muscled in on Local 302, the A. F. of L. cafeteria workers' union. One of his first acts was to order an assessment of five dollars per member for the mob. A group of members complained to the district attorney and an investigation resulted in the filing of informations for misdemeanors against many of the defendants later to be tried by Dewey. By a curious reversal of the usual procedure, the complainants were held in custody as material witnesses and the defendants freed on nominal bail. During the trial, in February, 1934, the judges had called to their attention a strange circumstance—namely, that the body of the informations did not mention the principal defendants, although their names appeared in the titles. In effect, the defendants had not been charged with a crime and the judges had no option but to dismiss the whole matter.

The buzz had been going up and down Broadway for days that the fix was in through the most powerful of all Tammany district leaders, and J. Richard (Dixie) Davis, Schultz's chief attorney, assured the defendants, at a meeting in his office, that the case would go out the window. At the trial it was testified that Jimmy Hines' name had been used freely by the mob.

"The restaurant racket," Dewey holds, "could have been stopped in its tracks in 1933." Instead, the prestige of Schultz and Martin went up in the underworld, the restaurant shakedown got itself on a sound footing; mob-controlled Local 302 expelled and blacklisted the complaining members, and terror gripped the small businessman and rank-and-file union man alike as they considered the mob's power over their livelihood.

In smashing this racket—the first business shakedown enterprise ever to be wholly dissected—Dewey, for the first time, I believe, has disclosed the function allotted the trades union in a big-time racket. There has been a great deal of talk about racketeering unions, little of it factual, but in what follows we may trace out the processes by which at least the unions involved in the restaurant racket were taken over and put to the service of the mob. That part of the campaign, as related here for the first time from the inside, should be valuable to citizens everywhere, to employers and workers alike. The rackets problem, it should be repeated, is not local, and in whatever cities you have aggressive mobs and corrupt or weak union leadership, there you may have duplicates of the Broadway-restaurant racket. It is only because of Dewey's crusade that we are able to treat the New York rackets as case-history material.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mark of the gang on
her

Here is a Murder Threat Sent to a Dewey Witness by the Underworld. Name of Witness Blacked Out

each restaurant and cafeteria sporting a Metropolitan plaque. Martin had been proud of his plaques; he would have been hurt by this use of them. Dewey began sending for the plaque displayers. He asked them to bring along their books.

Whereupon, an odd procession began to flow through Dewey headquarters in the Woolworth Building. These were mutes. Affable, even voluble on other matters, they knew nothing about the racket. As their books were audited, questionable entries came to the front. The entries invariably noted large withdrawals of cash from the business.

In contrast to underworld individuals cracked in the vice prosecutions, or even in the restaurant case, the businessmen witnesses presented an unbroken front. Good citizens as a rule, these witnesses had not sealed their lips out of hostility to the law or fondness for the mob. They testified in a mood of panic fear. Having little confidence in law enforcement, they had an overcompensating faith in the ruthlessness of the racket. Brought into the mob's orbit through fear, they remained there out of the same compulsion. They saw their places ruined, their business gone; but, worse, *(Continued on Page 99)*

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"I imagine so. Randall was too shrewd, of course, not to give himself some safeguard. I expect that was it. A statement in it, of course, that there was that money somewhere, and who had it."

I had another idea. "In the event of his death, you were to give it to Lowell. That lets her out then."

There was a tap on the door. Sergeant Buck's grim face appeared. It must have gratified him to the very heart to have seen Colonel Primrose, on his way out, turn and shake his finger at me. "Remember, please, Mrs. Latham. I haven't got time to bother with you. You keep out of this. . . . Just coming, Buck."

I don't know how soon it was after he went out that I was conscious of Wilkins's presence, quietly picking up the used glass and refilling the ice tub. I do know that I suddenly had the odd sensation that he had been there a long time. It was a sort of psychological atmospheric continuity—if, as Edith St. Martin always says, you know what I mean—in which no element as foreign as the suety butler had suddenly or newly introduced itself.

"Is Mr. McClean, Senior, staying for dinner, madam?" he inquired politely.

"I don't know," I said. "He doesn't normally, does he?"

"No, madam. But I heard Miss Lowell call down and ask him to stay as he went into the library. He said he would."

"Then I fancy he will," I said.

"I didn't know if madam would object ——"

I wasn't sure for a moment whether he meant I would, or Iris.

He picked up the tray. Then he set it down and cleared his throat.

"I wonder if I might be so bold as to ask your advice, madam," he said quietly.

I suppose there's nothing any woman likes so much as to have her advice asked. Who asks it doesn't matter, and it's never till it's been given that she even suspects that her leg, in a manner of speaking, has been pulled. So I quite forgot Colonel Primrose's elaborate instructions about minding my own business.

"I don't know whether you have heard that Mr. Nash had been receiving anonymous letters—for some time now," he said.

I nodded.

"Then perhaps you will advise me what to do with this one, which came in the usual way this morning."

He put his hand inside his coat and brought out an envelope that I recognized instantly, with a sudden warping of my heart, as a mate to the one I'd seen Gilbert St. Martin take from his pocket.

He handed it to me. I took it without looking up at him, knowing, as I took it, that I shouldn't; that of course I should have said, "Go get Colonel Primrose. We'll give it to him." Either that, or got up myself at once and taken it to him. I knew it then; I know it far better now. And yet, if I were put in the same position again, I've no doubt at all I'd do exactly what I did then; not from reason—far from it—but just from a sort of plain primitive fear. The black shadow in which Iris Nash had stood had moved away a little. I couldn't bear the idea of jerking it back; and even before I read the letter I held in my hand, I knew that that was what it must do.

There's no use in my trying to find a rational explanation for that moment. Distrusting Wilkins as I did, with his pale moon face and fat white hands, I still must have believed his "No, madam; certainly not," when I asked him if he had read the letter. And that surely must be the great trouble of a conspiracy—knowing who's in it and who isn't, and who's on which side or both.

"Where did you find it?" I asked. It was a stamped envelope like the other one, but there was no cancellation mark.

"On the front doorstep under the mat, madam. This morning when I brought in the milk."

"Is that where the others have been?"

"Except those that came in the post, madam."

As Gilbert St. Martin's had done, I remembered. I sat there with this one in my hand for a long time. It was so easy to see the shadowy figure creeping through the night, slipping this thing under the mat, creeping away again. If I couldn't see the figure plainly enough to tell whether it was man or woman, I could see, so clearly, the mask of hatred and malice it would wear, under cover of the dark, when there was no need to dissemble and hide what lay in the tortuous alleys of its soul.

"You can leave it with me," I said.

"Very good, madam."

He picked up the tray and went out. I opened the envelope. I noticed as I did that the edge of the flap was thin, as if it had been opened carefully and pasted back again. And that, of course, was my second chance to stop all this like a sensible woman and go at once to Colonel Primrose, and I funked it a second time.

My hand shook a little as I unfolded the cheap grayish paper and saw the same purple block letters, laboriously and unevenly printed there:

MAKE MR. MCCLEAN TELL WHAT HE KNOWS ABOUT HER CARRYING ON WITH SOMEBODY. A FRIEND.

(TO BE CONTINUED)

THE TOUGHEST UNDERWORLD TRUST

(Continued from Page 15)

they had a dread of personal violence or harm to their families.

Each of sixty key witnesses had to be "broken"; not one volunteered a single fact of probative value. The reasons they afterward gave for lying absorbed Dewey no less than the flimsy prevarications themselves. One witness, head of a chain of forty cafeterias, carried in his mind a constant nightmare in which, at the same moment of the same day, stink bombs drove every patron out of the whole forty. Another witness said that every time he saw a labor member of the mob—Max Pincus, who chose to leap from a six-story roof in the Bronx rather than face Dewey in court—he suffered an acute chill, which sometimes

(Continued on Page 100)

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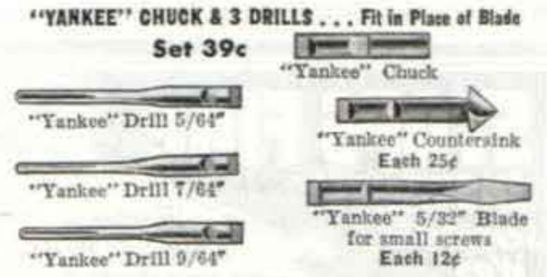

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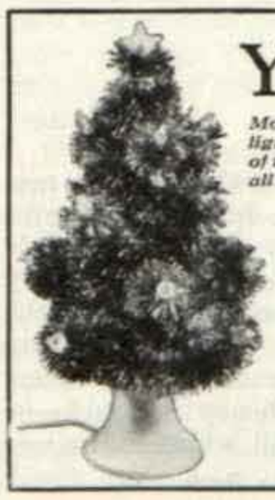

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sent him to bed. In a delirious prelude to his suicide, Pincus begged for the decisive embrace of the electric chair. An officer in his union recently had been rubbed out.

By December, 1935, Dewey, reasoning from his experience with the restaurant-racket victims, concluded that businessmen themselves were, in great measure, to blame for the widespread existence of business rackets in New York. He estimated that 90 per cent of all business paid tribute in one way or another to the underworld, in part because of the "greed or cowardice" of the victims, "not one in a hundred of whom will tell the truth to the authorities." The primary, the overwhelming fault, however, as Dewey believed, then and now, lies with the law-enforcement agencies—particularly the prosecutor.

"Singing-School" Auditions

"A racket could not get a start if businessmen had faith in the authorities," Dewey affirms. "It is a product of fear; the businessman who yields has been living in a climate of fear based on a general belief that whereas society may be haphazard in enforcing its law, the underworld punishes swiftly and surely. You can scarcely expect individual businessmen to throw off the yoke of fear until the climate has been changed."

The Dewey "singing school," which had shown singular dexterity in getting testimony from the underworld, altered its methods to meet the resistance set up by law-abiding witnesses. Many witnesses professed to be afraid of underworld leaks in the Dewey offices. These were interviewed at points of their own choosing—some at the Bar Association, one in a taxicab cruising through Central Park. Dewey, holding that his office and the grand jury existed for the convenience of witnesses, held night jury sessions.

It may be doubted if the records of American criminal jurisprudence hold another case so heartbreakingly stubborn. Never had a prosecutor's office labored with such infinite patience and overriding determination. Dewey has scant use for the armchair theory of the prosecutor's duty. A crusader by temperament and conviction, he regards it as the prosecutor's specific duty to procure evidence which will convict of crime. The restaurant-racket case tested his theory and his perseverance to their limits. For more than a year not a victim admitted that he had paid protection money to the mob.

The witnesses, hopefully sparring with Dewey's interrogators, told transparent, amusing, fantastic stories to account for the troublesome disbursements shown on their books. None refused to talk. They had been coached by counsel for the Metropolitan that a blank silence before the grand jury would render them liable to a jail sentence for contempt of court. One elderly, steady-paced restaurateur, noted for devotion to his family, sought to explain an $8500 pay-off in terms of a designing mistress who had pried out of him fur coats, jewels, and so on.

"I am a happily married man with grown-up children," he pleaded. "I admit making a mistake getting mixed up with this woman, and if you make it public you will only harm my family." He wept plausible tears.

Dewey sympathetically assured him that his office had no desire whatsoever to expose a man's private life. He requested only that the witness produce the girl and the gifts. It would all be strictly confidential, he pledged. The witness asked for time, and months later, after Finkel was broken, he conceded that he had invented the mistress.

A little cafeteria owner, a carbon copy of H. T. Webster's Caspar Milquetoast, had laid out $3000 to the mob; although, his business being in distress, he was drawing only forty dollars a week. He had been forced to borrow part of the $3000 from a personal-loan corporation. The mob had no heart. Yet, in the Dewey offices, he represented himself as a dashing, reckless, inveterate crap shooter. He had lost the $3000 shooting craps in "floating" games, the addresses of which he could not furnish, nor any other details.

When Herlands put a pair of dice into his hands, the little man went pale. He knew nothing of the galloping cubes, of Ada from Decatur or Big Dick.

A third witness attributed a $4000 withdrawal from his business to a childbirth, but all the receipted bills scarcely added to more than $400. The excuses ran to a wide variety—personal loans, gifts to members of the family, repairs and improvements. The fear of the witnesses was pitiful; its effects on the racket prosecution appalling. It is hard to exaggerate the burden the victims' silence laid on Dewey and his staff.

The prosecutor already knew so much. He had the outline, the theory, the technique and the mechanism solved. He knew all about the farcical trade association, the betrayed and pirated unions. Inspired work by A. J. Gutreich, chief accountant in the Dewey office, and his staff, had bared the tribute as it appeared on the victims' books. Investigative accountancy never showed to better advantage than in this case, where the books of scores of restaurant men were overhauled, checks by tens of thousands run down and telephone and telegraph records from a dozen hotels dug up out of dusty warehouses and studied.

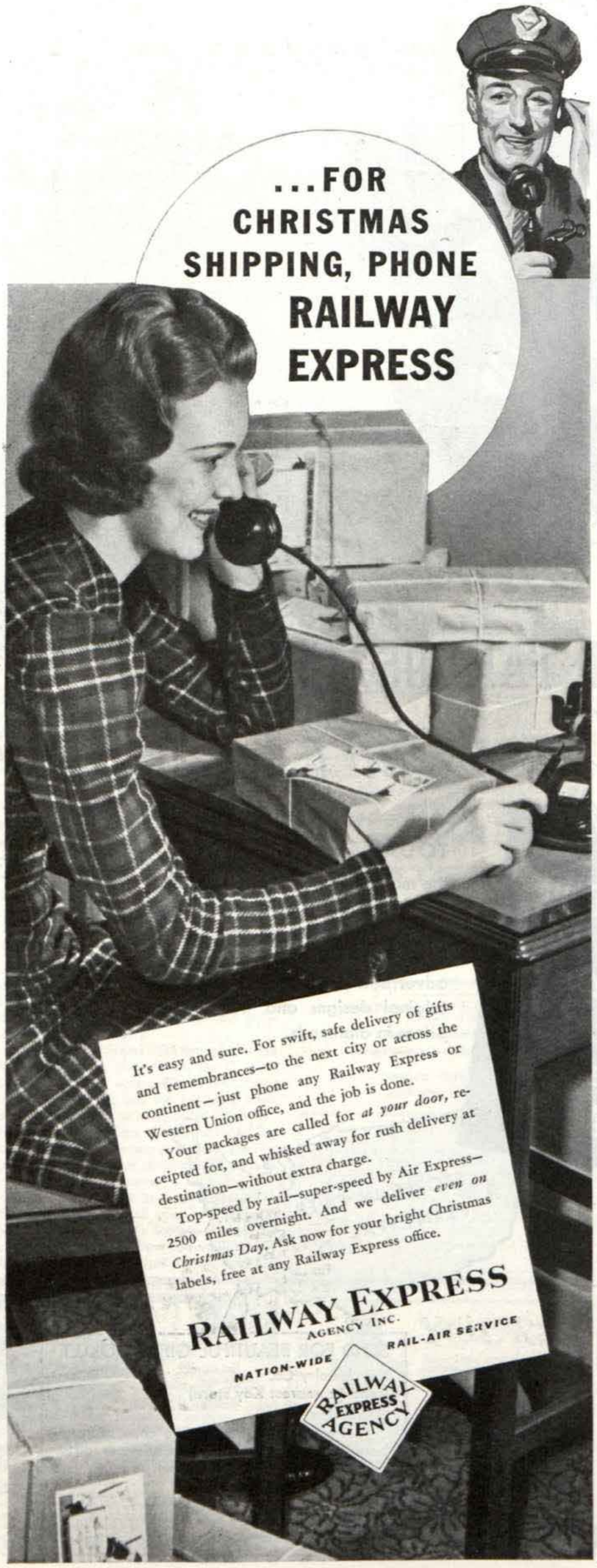
"Symbolic of the fact that crime nowadays is big business," Dewey points out, "is the business investigation we applied to the restaurant racket. Inasmuch as this was a business racket involving the extortion of money from business concerns which, unlike old-type criminals, must keep records, we tracked down every questionable transfer of money. All the offenses centered in the payment of money, which is always a tangible transaction. We assumed that these payments must be reflected in some record. The assumptions were correct."

What the Books Showed

But, having that partial, documentary evidence, Dewey needed the living, confirmatory testimony of the victims. For an airtight case, he should have witnesses who would swear they had paid over money to purchase immunity from threatened injury. It was here that Abe Finkel backed into the Finkel incident and turned the trick for Dewey.

Finkel, under the usual threats of labor trouble, submitted to a double shakedown. He joined the Metropolitan Association, paying an initiation fee of $250 and six months' dues at five dollars a month in advance; he likewise, the same day, paid $1500 as raw protection money to buy off the union. The events of the day must have rattled him, for he entered the $1500 on his books as "association

(Continued on Page 102)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(Continued from Page 100)

dues"; an entry which laid him open to embarrassing questions from the Dewey staff. The entry made it hard for Finkel to be barefaced about the $1500, but he so elected, nevertheless. He began to weave an intricate pattern of falsehood, attributing the $1500 expense to first one thing, then another.

Like the others, Finkel was being coached by the Metropolitan's lawyer, Abraham Cohen. Under Cohen's encouragement, Finkel began to fancy himself as a creative witness. Always careful to testify promptly and with every air of willingness in order to avoid contempt of court, Finkel began to embellish his explanations. It seemed an artful prank to Finkel and Cohen. Five times the cafeteria owner appeared before the grand jury, each time remaining for several hours. On the fifth occasion, we must assume that Dewey and the grand jury grew more than a little vexed with Finkel. For both agreed that, in spite of Finkel's cheerful readiness to talk, he be cited for contempt, on the ground that his behavior was the equivalent of refusing to testify.

Until that moment in New York State no grand-jury witness ever had been cited for contempt on this ground—namely, the giving of vague, evasive and contradictory answers. Witnesses immemorially had been punished for openly refusing to talk, but none ever for refusing by indirection, by the artifice of glibly shifting lies. There was no such case on record when Dewey asked Justice Philip J. McCook to cite Finkel. This was done. The Metropolitan's lawyers promptly appealed; Finkel escaping jail from December 23, 1935, to June 5, 1936, when the New York Court of Appeals upheld the citation. Thereupon, Finkel purged himself of contempt by coming clean about the $1500 shakedown. He broke.

By his boldness, Dewey had forged himself a new weapon, as, earlier, by obtaining the so-called Dewey Law's passage, he had created a tool which made it possible to try Luciano's vice mob as a unit.

The new weapon broke the restaurant racket. Thereafter, victims faced jail at once if they equivocated. They could no longer toy with the law, as Dewey pointed out, saying: "This establishes that witnesses may not comfortably disclaim knowledge of crime when they have such knowledge, and thus obstruct justice. Witnesses may no longer choose whether it is convenient or profitable for them to keep silent and leave the burden of good citizenship to others."

When Racketeers Unionize

Four months after the Finkel verdict was sustained, Dewey obtained the indictment of the seven racketeers later convicted. A new procession passed through the Dewey offices during the summer of 1936, victims willing now to give. There remained holdouts. A few still labored so deeply under fear of underworld reprisal that they would go to jail before telling the truth. But Dewey had testimony and to spare.

The racket, cut down in 1936, had only begun its rise in 1932, when Schultz and his mob, realizing that prohibition's number was up, constituted themselves a committee on new business. Martin, who had a yen for night clubs, who had sold liquor to many night spots for Schultz and who knew the Broadway region from all the angles, spotted the eating-house prospect. Better than his Broadway knowledge for this purpose was Martin's union background. A booming-voiced, zestful hoodlum, Julie organized a taximen's brotherhood, became its president and led an unsuccessful strike in 1924. Since then Julie had risen in the Schultz inner circle, had branched out as a taxicab operator and acquired a factory in Elkhart, Indiana, where cabs were made out of used parts. In addition, he had taken a piece of several night clubs, backing at least one, Chez Evelyn, where Evelyn Nesbit queened it briefly.

Julie knew how a union could be integrated into a racket. Where he obtained his specific information, the Dewey office is not sure, but Julie knew that a business racket might better start with a union, which aggressively could set up shakedown occasions. The union, in Julie's scheme, would act as *agent provocateur*, stirring up trouble which only the mob could settle—at a fee. And, because trades unions are shielded by numerous statutes, a racket-controlled union could work all sorts of mischief under the pretense of legality.

The Gangsters Rule

Julie knew all the answers. Dutch Schultz gave the word and the mob prepared to move into the trade-union field. Public eating had enjoyed a boom from war days onward. In 1932, the business employed 84,000 persons in New York, only a few of whom were organized into unions. These, in the main, were the *kischka* waiters working in kosher restaurants on the East Side and in the garment zone, so-called after a type of delicacy served in these restaurants. The A. F. of L. for years had carried on an uphill fight to enroll eating-house workers in three Manhattan locals under the International Alliance of Bartenders, Waiters and Culinary Workers: No. 1, territorially ranging south of 42d and north of 110th Street and dominated by the *kischkas;* No. 16, the waiters' local allotted the section between 42d and 110th streets, principally the Great White Way; and No. 302, the cafeteria local which covered the whole island.

It is useful to note here that the business of feeding the public may be peculiarly susceptible to pressure from a militant, well-financed and resourceful union. A restaurant's relationship with its customers is simple, direct and covered by statute. Operating under a sort of common-carrier franchise, an eating house may not refuse refreshment to any individual with the means. Usually on the ground floor and with limited means of egress, making it easier to collect for meals, a picket line may not only dissuade persons from entering; it may also hinder them physically.

Anyone may enter, unchallenged, whether his errand is to acquire a beef stew or to toss a stink bomb, spoil a kettle of food or stuff cement into plumbing pipes. Moreover, a waiter's service in a better-type place is so personal, so subjective and intangible that an enormous amount of sabotage may take place right under the proprietor's eye—spilled soup, thumbed butter, wrong orders, slow service, low-voiced impertinence.

In the summer of 1932, Julie spotted his union, Local 16. For his purposes, he opened a restaurant east of Broadway in 48th Street, calling it Rosen's; hired union waiters and made the place a rendezvous for members of

(Continued on Page 104)

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(Continued from Page 102)

No. 16. Among his waiters were Charles B. Baum, a squatty, liver-footed veteran; and Aladar Retek, a Rumanian decorated for his services in the Austrian army. Frequent visitors were Paul N. Coulcher, a sharp fellow born in Montenegro; and Harry Koenig. Local 16 was to elect officers in November.

Martin supervised that election, furnishing ballot boxes and tabulators. Baum became president, Coulcher secretary-treasurer, and Retek and Koenig organizers. Thereafter, Martin carried No. 16 in his vest pocket. He transferred a girl cashier at Rosen's to the union offices, making her bookkeeper; put another of his waiters in charge of the dues collections. At a word from Schultz, Martin had No. 16 elect Dixie Davis counsel at $7500 a year. Schultz's accountant became the local's auditor. Schultz's printer got No. 16's work.

With No. 16 secure, Martin moved into No. 302. Combining high-pressure salesmanship with threats, Martin persuaded Pincus, the president, and other officers, including Abe Borson, a business agent, to co-operate with the mob. This deal was accomplished fairly early in 1933. Among its early fruits were the five-dollar assessment per member—which gave rise to the district attorney's abortive inquiry—and, probably, the murder of Borson.

On the night of November eleventh, Borson and another organizer were lured into a motorcar by three men who flashed Secret Service badges. In the town of Armonk, Westchester County, Borson was forced to kneel beside the road and was then shot several times. His companion, running, escaped with a slight wound. Borson's offense, it appeared, had been refusing to take a picket line away from a 42d Street cafeteria after its owner had agreed to pay the mob $7500. Borson speedily died.

The mob, it was apparent, executed decrees in the new trades-union division as forthrightly as it had settled such matters in the liquor, policy and narcotics departments.

Building the Front

What had Martin offered the heads of these two struggling, skeletal unions in return for such rather dreadful control? Martin told the leaders the mob would do the rough work of organizing for them; that it would get contracts from famous restaurants, night clubs and big cafeteria chains—places that the locals virtually despaired of ever nailing. "Leave it to us, boys," said Julie. "I'll tell you when to walk in with a demand, when to put on a picket line, when to take it off. I'll put the heat on for the contract, the wage scale—and a piece of change for my trouble." Julie was wholly practical. If the labor skates objected, Julie took another line. He applied the terror.

In October, 1933, the mob vainly sought to take over Local No. 1. An officer carried this word to the United States Attorney's office, where it passed from Herlands, an assistant, to Dewey, chief assistant and soon to become United States Attorney. Dewey advised the union official to take his information to the district attorney, which he did, with no perceptible results. Thereafter, the labor leader kept Dewey advised on labor aspects of the restaurant racket.

Schultz had taken a hand in the other end of the racket, ordering henchmen to draw up incorporation papers and lease space for a trade association late in 1933. "The Dutchman" explained that an association with offices would supply a front, give them a place in which to negotiate with victims and afford a steady revenue in fees and dues. After a false start, the association emerged as the Metropolitan Cafeteria and Restaurant Owners Association, with a croupier and a disbarred lawyer as its active managers. The thing was egregiously, almost hilariously, phony. Gradually, as the need became apparent, the mob lined up reputable restaurateurs as officers and directors. All protested to Dewey that they had been dragooned into accepting the posts, which were purely honorary.

How the Shakedown Worked

It was all very glossy; the "bite" was put on for the mob, occasionally for the union, with a minimum of rough stuff. Stink bombs and other persuaders were kept out of sight in the modernistic barroom. The scheme was simplicity itself. First, a couple of guys from the union called on a prospect, demanding a contract and a big jump in wages—usually 100 per cent. The restaurant business is notably precarious. If small, the prospect was likely to be head over heels in debt to the food and fixture dealers; if big enough, to the bank. The prospect, as a rule, was left to stew over the demand for forty-eight hours before an agent of the Metropolitan paid his call.

"I hear you're having trouble with the union boys," the Metropolitan representative began. "Too bad; they're plenty tough. But they can be had. We might be able to call them off for five grand." Or ten, or three—whatever the mob thought the owner could get up by tapping all resources. Sometimes it was stipulated that the owner sign a union contract with an infinitesimal wage rise, if any.

It was pretty well understood that the mob backed the Metropolitan, and a restaurateur, bedeviled by mob as well as union, was inclined to negotiate. A number had to borrow to get up their ante. Shakedowns ranged from $1500 to $46,000—the latter from a cafeteria chain. There was no escape, appeals to higher union authority failing of results. In certain cases restaurateurs who had dealt with the unions for years were unable to get contracts for new places until a shakedown had been interposed. If a prospect said no, brisk picket lines materialized at once. The first news that workers in a place often had that the place was struck came when they saw the pickets forming outside. The racket had plenty of funds with which to hire pickets—hungry men and idealistic students—at one dollar a day.

The combination seemingly had a magic formula. Martin was stabbed to death, Schultz assassinated, and the racket went on without change or impediment. Dewey estimates that in two years it abstracted $1,000,000 from the tills of eating-house proprietors and, indirectly, from the change pockets of the public. Homicidal to the end, the mob accounted for Harry Koenig in August, 1936. Some hoodlums in a passing car picked off Koenig as he walked along a street in Rochester, New York, during a convention of the union. It was this murder that haunted Pincus.

The protracted inquiry brought out matters shocking as well as comic. The widely known tavern keeper, Jack Dempsey, became a "member" of the Metropolitan when about to open the

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place bearing his name. Unless he joined, he was told, he would have "labor troubles." Unwilling to chance a hitch in the opening, Jack yielded. But a further indignity awaited him. At the "suggestion" of the mob, Dempsey posed for photographs with the officers, and the pictures were widely published in the newspapers as testimony to Metropolitan's progress.

In Elkhart, Dewey investigators discovered a pink-cheeked trailer designer who had created the copper plaques for the Metropolitan at Martin's order. Schutes, the trailer designer, made his design along heroic lines. He had an eagle atop, two frock-coated gentlemen shaking hands, with a chef's head and crossed knife and fork below. The Metropolitan's heraldry amused Herlands and, in summing up at the trial, he characterized the eagle as a vulture, the handshake as the shakedown, the chef's head and the crossed utensils as the skull and crossbones of the racket.

Herlands, an honor man at City College and a law-review editor at Columbia Law School, prosecuted the racket under Dewey's eye. Herlands was thirty-one at the time. The trial, beginning on January 18, 1937, lasted ten weeks, in contrast to the three days taken by the district attorney's office in 1933 to run through substantially the same racket offenses.

At the outset, eminent labor lawyers defending the union defendants sought to make it appear a labor trial; to give an anti-labor bias to the restaurant-racket investigation. Briefly, their attitude was echoed outside the courtroom, where, here and there, misinformed labor leaders called Dewey "Labor-Hater No. 1." The evidence, however, soon refuted these contentions. At the end of the trial, with all seven defendants convicted on all counts and facing a theoretical 343 years each in prison, Justice McCook condemned the attempt to confuse the trial's issues with labor sentiments. The judge expressed himself as greatly perturbed over the trial's revelations, saying: "I don't know what the laboring men and women of the world, who have struggled one hundred years for their rights, would think if they had witnessed these scenes."

Dewey, who, by the end of the trial, appeared as a genuine friend of honest labor unions, predicted that the outcome would "free two large unions, which have a great opportunity for service to the workers, from the grasp of racketeering officials." Increasingly thereafter, the rackets prosecutor was to be hailed by organized labor of all factions as a corrective instrument in New York. And by the fall of 1937 he had rid the unions of mob affiliations and racketeering leaders. Locals 16 and 302 promptly expelled their convicted leaders, cleaned house and reorganized under Dewey's friendly oversight. Each has since prospered, more than doubling its membership.

The defendants' sentences ranged from a minimum of five to a maximum of twenty years in Sing Sing. They had been tried for extortion, conspiracy and attempted extortion. The labor leader, Coulcher, drew the longest sentence. Before the sentencing, a restaurateur brought to Justice McCook an envelope containing $3300 in currency which Coulcher had left with him, a potential witness. Later similar caches were disclosed, and Local 16 sued Coulcher for embezzlement and other crimes.

A few weeks before the trial, Beitcher, the sales manager, turned state's evidence upon being arrested in New Haven, Connecticut. He testified lightheartedly, tellingly and circumstantially against his brothers in the mob's vows. But Beitcher's testimony, although interesting and corroborative, was not essential. Abe Finkel's maladroitness had rendered Beitcher's evidence secondary.

The restaurant racket, in certain respects the most malevolent, shrewdly organized and costly, and a pure example of racket qua racket, yielded to the Dewey treatment only after the Court of Appeals agreed that Finkel had outrageously been pulling the grand jury's leg; Finkel, of course, being merely a lay figure, an uncalculated factor. The restaurant racket actually was cracked because Dewey, who conceives it to be the prosecutor's job to get the evidence, come hell or high water, would not give up. And if Finkel hadn't furnished the break, someone or something else would. Dewey makes his breaks.

Editor's Note—This is the third of a series of articles by Mr. Davis. The next will appear in an early issue.

DIESEL CUMSHAW

(Continued from Page 17)

"I've hunted two days for that. Had the fuel pump apart and cleaned the injector-spray nozzle a dozen times, with no success."

Jim Baldwin's teeth closed with a snap. His eyes flicked to Finnefrock's and remained there. "Some things that happen to an engine are accidents. And some aren't."

"Like a man's condition after slapping a lion in the face," agreed Finnefrock dourly. "A matter of deliberate action, regardless of the wisdom of the deed. Do you agree, Mr. Baldwin, or am I presooming on too short an acquaintance?"

Jim nodded coldly. Finnefrock's sly method of skirting around the obvious—that they both were aware that someone had deliberately sabotaged the engine—was a plain hint that direct questions about whom the offender might be would not be given direct answers.

So, working in silence, Jim Baldwin replaced the damaged fuel pipe with one made from a coil of copper tubing he carried in his kit, and then reached over the engine and prodded Finnefrock on the shoulder with the handle of a wrench.

"Hey, chief! Let's have your long-nosed pliers for a minute."

Finnefrock reached into his tool chest and passed over the requested tool, paying no further attention to Jim, who tried to reach under the protecting casting with the pliers, just to see if it were possible to pinch the fuel pipe shut.

But the jaws of the pliers would not grip the pipe in such a confined space. It had taken a pair with still longer and thinner jaws to do it, Jim decided.

"How about a longer pair?" he asked, passing back the pliers.

"The longest I've got," replied Finnefrock, without looking up from filling his short-stemmed black pipe. "And at the magnificent salary I draw as chief engineer of this garbage boat, it will be millenniums before I can afford new

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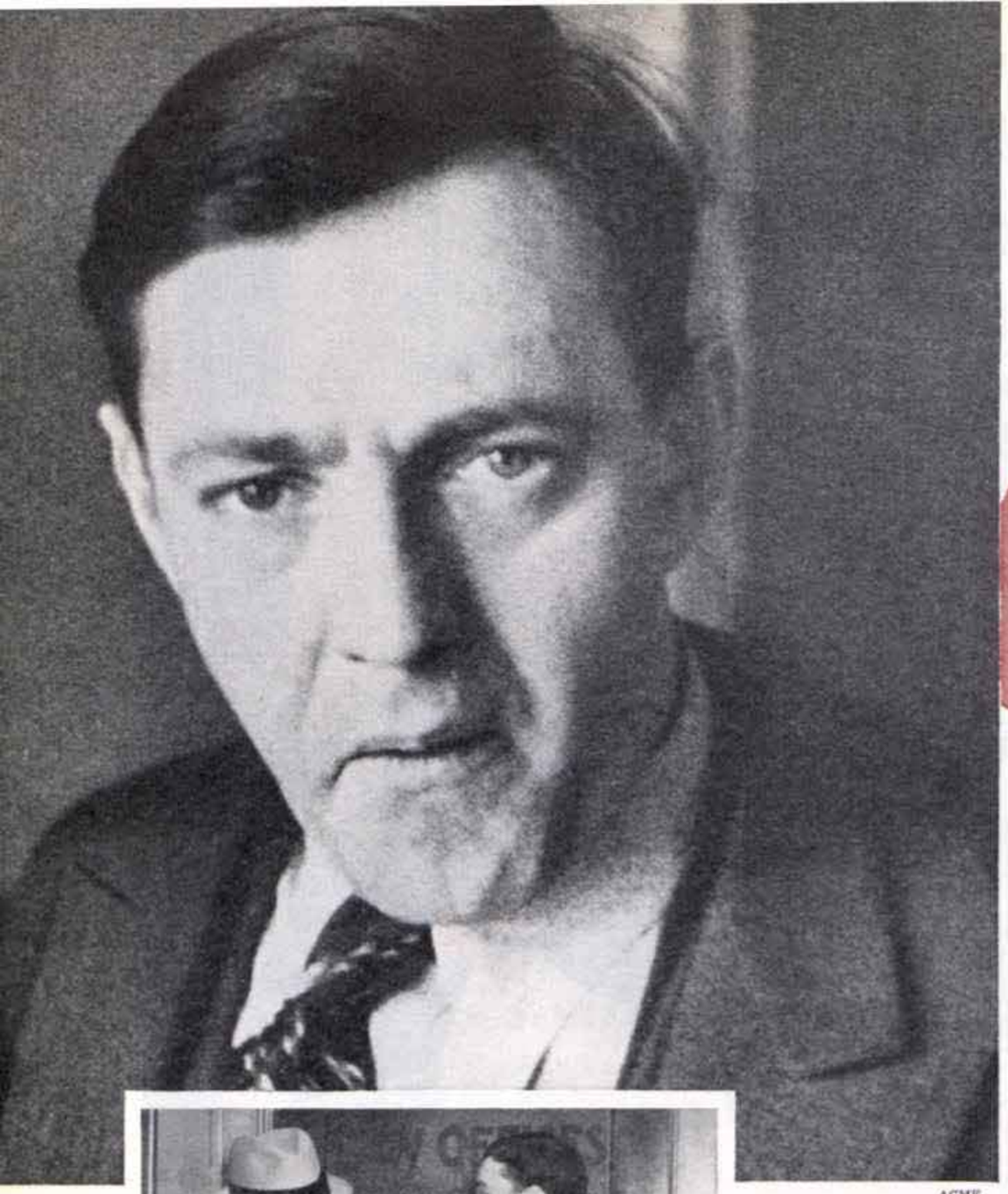

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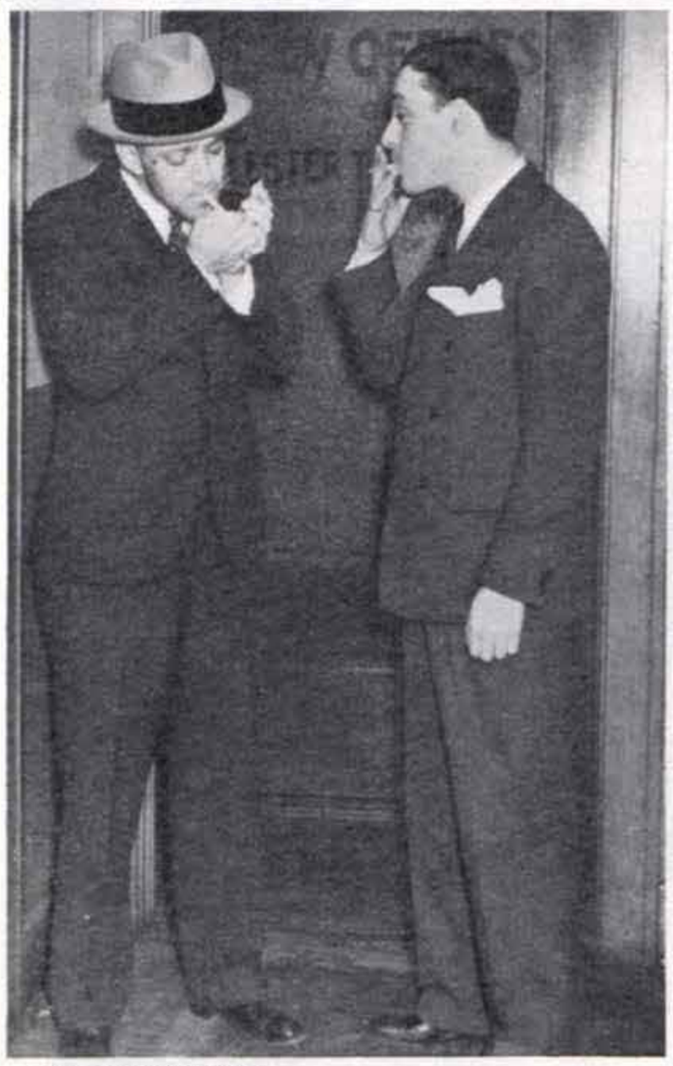

ACME

A Striking Camera Study of Dutch Schultz Before Affluence and Avoirdupois Softened Him Up—for Execution by Gangland

MOUTHPIECE

By FORREST DAVIS

PICTURES, INCORPORATED

The Dutchman, Left, Talks it Over With His Ubiquitous Advocate, Dixie Davis, Before the Door of a U. S. Commissioner's Office

ASHY lad, by name Dick Davis, who had learned the violin from the Presbyterian minister in the Catskill hamlet of Tannersville, grew up to be the biggest criminal lawyer, or mouthpiece, in New York City. His evolution did not end there. In October, 1935, when the feral Arthur (Dutch Schultz) Flegenheimer perished of mob lead, J. Richard (Dixie) Davis, the one-time boy violinist, reputedly succeeded Schultz on the throne of New York's $100,000,000 numbers racket.

Fourteen months later, Tom Dewey, likewise a musician and a small-town boy, barged in on the numbers racket with the supposition—but no precise knowledge—that Davis reigned over the biggest town's richest underworld enterprise. The raids verified Dewey's surmise; a spate of police raids that swept through Harlem on a January night in 1937 with the pervasive impact of a freshet. The raids, mystifyingly launched from a sheep meadow, progressing to a base in a smart summer restaurant, darkly boarded for the winter, stormed policy banks, controllers' offices and night spots where the mob hung out. The raids emptied the banks and offices of mob records. They bagged seventy policy operators and racketeers.

Dewey prepared the foray with characteristic sagacity. He went so far as to stage a mock dress rehearsal to test his staff for leaks. He provided the restaurant G. H. Q. with a chart that located every likely policy spot in town with a pin. The raids succeeded; and, in due course, reviewing the results, Dewey found three consequences to be standout. One, the entire demoralization of a vicious racket, with its top ranks either in jail or on the lam. That was socially good. Two, the blasting loose of sufficient evidence to convict all hands, prolonging the cleanup. That was important. And, third, the unmasking of Lawyer Davis as a big shot in his own right, a conclusion fortified by Davis' flight before Dewey could rate him king of the racket. The exposure of Davis seems significant of the latter-day, streamlined nature of the rackets.

Policy's Unholy Hierarchy

A FEW months later, after Dewey had persuaded the President of Mexico to expel Alexander (El Cubano) Pompez from his hacienda hide-out and had coaxed Joseph Matthias (Big Joe) Ison back from the terrace cafés of Paris, Davis' status was confirmed. Moreover, light was shed on the alliances by which Davis ruled. For these millionaire lammisters, who had ruled over Harlem's policy until Schultz reduced them to vassalage, propitiated Dewey by informing on a higher-up more exalted than Davis or Schultz. Their story, which cannot authoritatively be told until Dewey tries the policy mob, is said to reach into the murky heights of New York politics to disclose the racket's treaties with The Law. An overshadowing development, one of the most arresting potentials in the Dewey crusade, it may only be sketched anonymously in advance of the trial; an event which, as this was written late in November, had not yet been scheduled by the racket-buster.

Whatever fate eventually may be meted to Davis for his headship of policy's unholy hierarchy, the circumstances which revealed this suavely ironical lawyer as the head of a criminal syndicate must be regarded as a highlight of Dewey's endeavor. In Davis, Dewey turned up his nearest counterpart to the sleek "big fellow" of crime fiction and Hollywood—the smoothly luxurious, incredibly clever, educated, aesthetic master mind operating large-scale criminal enterprises remotely, behind a legitimate front; occupying a suite of deceptively paneled offices high in a skyscraper, living in a penthouse furnished in the modern manner where he entertains dissolute respectables and subtly undermines the resistance of beautifully indiscreet young women. There, in hasty outline, is the movie big shot, come to life.

The real-life picture bears comparison. Davis, a university man practicing a learned profession, operated from law offices that spread over a floor in a Broadway building, costing him $13,000 yearly in rent. Top-drawer confederates had access to him through a door sardonically lettered "Private, Keep Out." So impenetrable was his front that a referee appointed to study his professional behavior for the Appellate Division, New York Supreme Court, cleared him, although the court reversed the referee. The one-time boy violinist went to symphony concerts at Carnegie Hall. His $165 suits and $190 topcoats were tailored with the austere elegance of a Wall Street banker's. Aggressive in court, a master of the mob's laconic lingo, Davis, in lighter moments, spoke an unaccented, correct English. Addicted to a varietistic domesticity, he kept up three establishments—a penthouse in East 92nd Street and apartments in Park and West End avenues. At one time, Davis maintained a suite in the ultra-swank Sherry Netherland hotel on Fifth Avenue.

On the night that a couple of torpedoes contemptuously drilled

(Continued on Page 29)

(Continued from Page 26) Schultz as he stepped out of the washroom in a Newark tavern, Davis was regarded in New York as the successor of William J. Fallon, Gene Fowler's The Great Mouthpiece, as a wise underworld lawyer, a man about the night spots and a free spender. The chief of Schultz's legal staff—as everyone knew—Davis, on that night, inherited a racket. Taking a prudent runout powder for several days to make certain that his number also was not up, Davis, professional heir of Coke, Blackstone and John Marshall, returned to accept the legacy from "The Dutchman"—a job which few coveted. He became No. 1 amongst the surviving members of the Schultz mob. The rank was new, but the role was an old story, for, in Dewey's version of it, Davis' evolution from lawyer into mobster antedated by several years Schultz's rubbing out.

The Dewey biography of Davis, in fact, places the lawyer as the authentic father of the policy racket. And the steps marking Davis' evolution, never before made public, should briefly be interpolated here for a better understanding of the rise and decline of that most opulent of all the rackets.

Davis was a postwar, a prohibition, product. He was born in November, 1904, in New York City. His father, Max, a tailor, bore the Welsh patronymic Davis which his own father had substituted, either as a gesture of assimilation or because it was more pronounceable, for the Polish-Jewish name they brought to this country. When the boy was eight, his father removed from New York to Tannersville in the hope of improving his health. Tannersville is a hamlet of 600, slumbering in the mountain snows during the winter months. In the summer its population swells to 6000. There being little year-round call for a tailor's services, Max opened a pool room, confectionery and cigar store. The boy, living with father, mother and sister Rose, answered to the diminutive "Julie" at home; abroad he preferred to be known as "Dick." His contemporaries in Tannersville remember him as a bright, quiet kid with musical talent and a taste for good clothes. When not in school, he helped out in his father's store. He studied the violin with the Reverend Carl Aue, the Presbyterian minister, who now, a resident of Montclair, New Jersey, devotes all his time to music. He played the violin for church sociables and at school exercises, and with the Lake boys and three others formed an orchestra for their own amusement. In this little private band, Dick Davis and Forrest Wagner played the violins, Herbert North the trombone, Harry Schumann the cello, Claude Lake the clarinet and Dell Lake the drums.

More Than One Fiddle

IN THE summer of 1935, Davis revisited his childhood village, passing several week ends in Tannersville and near-by Hunter. The preceding March, Davis laid out a hundred-dollar bill at Grand Central in New York to buy train tickets to Albany for himself, Julie Martin and another Schultz mobster. Martin, executive officer of The Dutchman's Broadway restaurant racket, never returned from that ride, his body being found in a snowy ditch outside Troy, New York. Martin, it developed later, when Dewey was destroying the restaurant racket, had offended Schultz by holding out $31,000 of the take. In the fall of 1935, as we have seen, Davis stepped into Schultz's mob shoes. That summer, Davis visited around Tannersville—the local boy who had made good in New York—with his old orchestra mates.

Claude Lake was the town's police judge, Harry Schumann ran the drugstore in Hunter, Forrest Wagner taught the violin, and Herbert North was an electrical contractor. Dell Lake was dead. The excursion into his youth was not unmixedly happy, for a local hotel, objecting to the appearance of Davis' city companions, excluded him.

The one-time musicians talked fondly about the good old days, but never got around to a tune-up.

In 1920, Max Davis' health having improved, the tailor sold out and moved his family back to New York. Dick had finished the second year in high school. Thereafter, he entered into the anonymity of New York life. He finished high school, went to Syracuse University for a year, passed three years in law school, graduated with a high rating, was admitted to the bar and took a clerkship in a reputable firm. He was now J. Richard Davis, twenty-three, quick-witted, a plenty-smart young lawyer and a swell dresser. He earned his way through New York law school clerking in a bank, where he bore good repute.

The poorly paid, routine life of a law clerk cramped Davis. As a law student living in the neighborhood, Dick had often observed the wheels of justice grinding in the magistrate's court at 151st Street, at the edge of Harlem—a court which, by reason of its location, heard a goodly bulk of the thousands of policy cases annually flooding New York's police courts. For a young lawyer who wanted quick, easy, day-by-day pocket money, policy was an attractive field. The standard fee was twenty-five dollars, paid, not by the poor slip runner or collector but by the banker; the cases were uncomplicated, pay prompt, and a policy lawyer burned no midnight oil over briefs.

The life of Riley; and the dapper young counselor embraced it, quitting the firm and setting up shop in the back room of a bail bondsman's office near the court. A number of lawyers had formed a ring, handling policy cases at the standard fee. Dixie broke the ring, cut prices to fifteen dollars, and the clients poured in. In law school, he had discovered a theatrical quality as a pleader. Florid, forensic, a strikingly well-dressed figure, wearing white starched collars and dark clothes of excellent weave and cut, Davis put on a show for his clients. He gave them a run for their money in court. Known as the "Kid Mouthpiece," he swiftly learned the cynical art of "the fix" and the whole sordid interrelationship between crime and the minor authorities.

By 1930, Davis dominated the business of defending policy cases.

Policy was not then a racket. That is to say, the numbers game was being operated by a score of independent bankers, each of whom arranged for his own bribery of politicians and the authorities. The numbers game, of a certain antiquity in Harlem, had always been so, even in the heyday of Albert J. Adams, who, in the late '90's, organized a forerunner of numbers into big business, but not a racket. Adams happened to become the biggest banker; he took no tribute, nor extorted money from his rivals. A spectacular operator, Adams promoted policy into a big-time New York pursuit. Unluckily, he began to solicit the lunchtime pennies of school children, and in 1901 District Attorney William Travers Jerome drove him from Harlem with a twenty-one-months sentence—a penalty which he vainly appealed to the United States Supreme Court.

The numbers game itself is incalculably old, perhaps as ancient as the Arabic numerals which are its only props. Old and primitive, it bears relationship to all games which depend upon the chance turn of a number, or numbers. Roulette, the keno played in the Far West, the Italian lotto, the Spanish-American bolita—all these are akin to policy. A Chinese variant was introduced into the Philippine Islands a century before the Spanish arrived, and its origins in China date back beyond record. The next-of-kin Italian lottery sprang up in sixteenth-century Genoa and Florence. In 1802, the British Parliament forbade Little Goes, a contemporary version of numbers.

A Nice Profit—if You Win

A UNIVERSAL gambling technique, and nothing could be simpler. No cards, no dice, no paraphernalia. Briefly, the player bets that he can foretell which group of three numbers will appear in some agreed-upon tabulation—three numbers from 000 to 999. If the game is level, the odds run 999 to 1 against the player—there being 1000 numbers, of which he chooses only one combination—and the banks traditionally have paid 600 to 1 for a hit.

In 1930, policy was straight. The winning numbers daily came up in the last three digits of the United States Treasury balance. In 1930, likewise, policy again had taken Harlem, as in the days of Adams, and was spreading rapidly to people of all colors in all five boroughs. In that year, an inquiry into the magistrates' courts found policy being played almost literally everywhere in Harlem. Butcher shops, millinery shops, newsstands, beauty parlors, speakeasies—all types of business houses took bets.

The lottery of the very poor, policy banks welcome bets from a penny up. A player, picking his three numbers on the basis of a hunch, a dream, a saint's day or other adventitious guides to judgment, places his bet with a runner; keeping for himself a plain slip of paper bearing the (Continued on Page 76)

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Three Too-Candid Camera Shots of J. Richard (Dixie) Davis, the Violin-Playing Young Counselor Who Came From the Catskills to Broadway—and Indictment as Heir to Dutch Schultz's Policy Empire

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MOUTHPIECE

(Continued from Page 29)

numerals. The runner takes the money and the bet to the office of a controller, or hands it over to a collector, whence it finds its way to the bank. In 1930, the policy banks were principally in the hands of West Indians and American Negroes. José Enrique Miro, a Puerto Rican, had staked out a large share of the business. In May, 1931, when Dewey, as Chief Assistant United States Attorney, convicted Miro of income-tax deviations, he showed him to have banked $1,100,000 within three years. Pompez, a quadroon from Key West, and Big Joe Ison, had, jointly, what was perhaps the largest bank. Pompez and Ison took turns holidaying in Paris, a city where social disabilities against rich gentlemen of color were gratifyingly few. Besides these, other operators were Marcial Flores, a native of the French West Indies; and a rather emphatic pioneer businesswoman, Stephanie St. Clair, the self-styled "Madam Queen of Policy."

In 1930, the policy bankers strode high, wide and handsome across the Harlem scene. They owned imported motorcars, one of them employing a white chauffeur; they gave big parties, wore gorgeous diamonds, backed night clubs, gamblers and sports. The pennies from Harlem—and pretty much all over New York—flowed together into a huge torrent, probably as much as $100,000,000 in 1930. That figure was arrived at by Charles P. Grimes, one of Dewey's assistants, who conducted the policy inquiry. In 1935, Davis, testifying before a bail-bond hearing, put the policy gross at $500,000,000, but the lawyer later confessed that he exaggerated "to make the La Guardia administration look bad." His testimony acted as a boomerang, its bold magnitude taking New York's breath away and having some bearing on the clamor for a vice and gambling cleanup which led to Dewey's designation as special rackets prosecutor by Governor Lehman.

The Davis and Schultz Alliance

The exact moment in which Davis evolved from mouthpiece into mobster is not known to Dewey. Fairly immaterial in any case, the significant fact is that Schultz, prompted by Davis, began to move into the policy situation in the last months of 1930, completing the absorption, except for a few holdouts like Stephanie St. Clair, by the middle of the next year. Davis promoted the enterprise.

Schultz had a beer monopoly in Harlem and the Bronx and nothing illegitimate that went on in Harlem escaped him. The rise of Davis as a mouthpiece attracted Schultz, and presently the former violin soloist from Tannersville was handling the legal end of jams for the mobster as well as handing out contracts to politicians and authorities for the fix. The pair became associated, then friends. Davis became "Sonny Boy" to Schultz when not Dick. For years the lawyer has been dubbed Dixie—J. Richard (Dixie) Davis—in the New York press, but he disavows the nickname and never bore it in the underworld, where he was known simply as Dick. Dixie seems to have been a corruption of Dick, i. e., Dicksie, conferred on Davis by a reporter. Schultz had an office on the fourth floor of a brownstone, the second floor being given over to a phony insurance firm that fronted for the building. The numbers racket came to the fore at a conference between the beer baron, Schultz, and Lawyer Davis in that office.

Davis, knowing policy inside out, proposed simply that The Dutchman move in, offering protection from the law's raps and other mobsters in exchange for a part of the take. An old-style protection racket that was similar to the Luciano formula for vice.

"We move in," said the twenty-six-year-old lawyer, "declare ourselves in for a fifty-per-cent cut, out of which we take care of the big fix." Davis had a good side angle figured for himself, as it turned out. Once the racket got going, he monopolized the legal work, requiring all the bankers to employ his office to defend their help when overtaken by the law. Whereas Davis had edged into the policy field by cutting prices, he was now to raise them to fifty dollars, farming out the actual job of representing the defendants. A rough idea of the value of that angle may be seen in the fact that in 1934 and 1935, 10,747 small-fry policy violators were convicted in the New York courts, several times that number being arrested but not convicted.

King of the Policy Kings

The job of musceling into policy scarcely raised a sweat on a single Schultz thug. It was that easy. The policy kings, for the most part petty criminals accustomed to placating the law with money, and not themselves gunmen, had no capacity for resistance. All were aware of The Dutchman's touchiness. They knew that he ordered recalcitrants rubbed out as casually as another man orders his car brought around for a week end in the country. No one in the Harlem underworld dared defy the soft-voiced Schultz, whose customary way of ordering an execution was by indirection.

Told that a rival or an obstreperous underling had trespassed, Schultz would ask: "Why don't you go down and SEE him?"

A check on the movements of Schultz's torpedoes—and in prohibition times they included New York's most savage killers—would have disclosed the objects of his inquiry soundly dead within twenty-four hours. Schultz kidnaped one banker, several policy operators were slugged, a couple of murders were linked by an apprehensive Harlem to the policy strife—and the job was done. The procedure required no elaboration. A couple of the Schultz mob showed up with the blunt proposal that The Dutchman be cut in.

A demurrer brought this penetrating question: "Which'll it be: A cut for the Big Fellow or a lily in your hand?"

Installing his own accountants in the banks, Schultz took half the net. In its bald hoggishness, The Dutchman's formula matched the greed of the old-time East Side gangsters—the eye-gouging Monk Eastman type that antedated the golden days of prohibition—who declared themselves in for half the profits from every stuss game below Union Square in Manhattan.

The Madam Queen of Policy held out to a somewhat bitter end. In 1932, still unreconstructed, she swore out a warrant for Schultz's arrest, charging he had threatened her life. It is unnecessary to relate that the mobster was not inconvenienced by arrest. But when Schultz lay in his deathbed delirium, the woman had the last word. A telegram reaching him said: "As ye sow, so shall ye reap." It was signed, "Madam Queen of Policy."

Otherwise Harlem surrendered. By the end of 1931, Schultz, the "king of the policy kings," controlled policy from stem to gudgeon. And Davis, growing in favor, became not only a sort of brain trust for the chief but second in command as well. Davis handled the legal end of The Dutchman's affairs; he acted as counsel for gangsters working in concert or alliance with his boss. Called in from time to time by all the big fellows, he knew more of the crime industry's setup than any other man. It is widely suspected that Davis may have been the most sinister individual in that setup. Davis, a shrewd lammister himself, managed Schultz's twenty-two-months exile from New York during a search by Federal agents; he directed the successful defense of Schultz against income-tax indictments in two trials, and no one could doubt that The Dutchman's affairs were being handled skillfully during this critical time.

Davis was now known as a principal inside the mobs; a lawyer in the face of the world. And a genuine power in New York's blue-ribbon racket. When the mob slugs reached Schultz, they helped lift a curtain on the extent of the policy racket. By a coincidence, Schultz, killed because he wouldn't share, was shot as he pored over the statistics of the racket. He had a passion for records.

On the table in the Newark tavern lay a stack of yellow sheets covered with figures. One of the three men mowed down with Schultz was Otto Biederman, or Berman, known as Abba Dabba, The Dutchman's clown, but likewise a mob employee at a Middle Western race track. Biederman had just arrived from his post, where as handicapper of the track, he directed the fix, or crook, of the daily figures on the totalizator. It was on those figures that the mob paid off, as we shall see, and the yellow sheets showed verifying payments to Biederman on account of the expense of altering the digits.

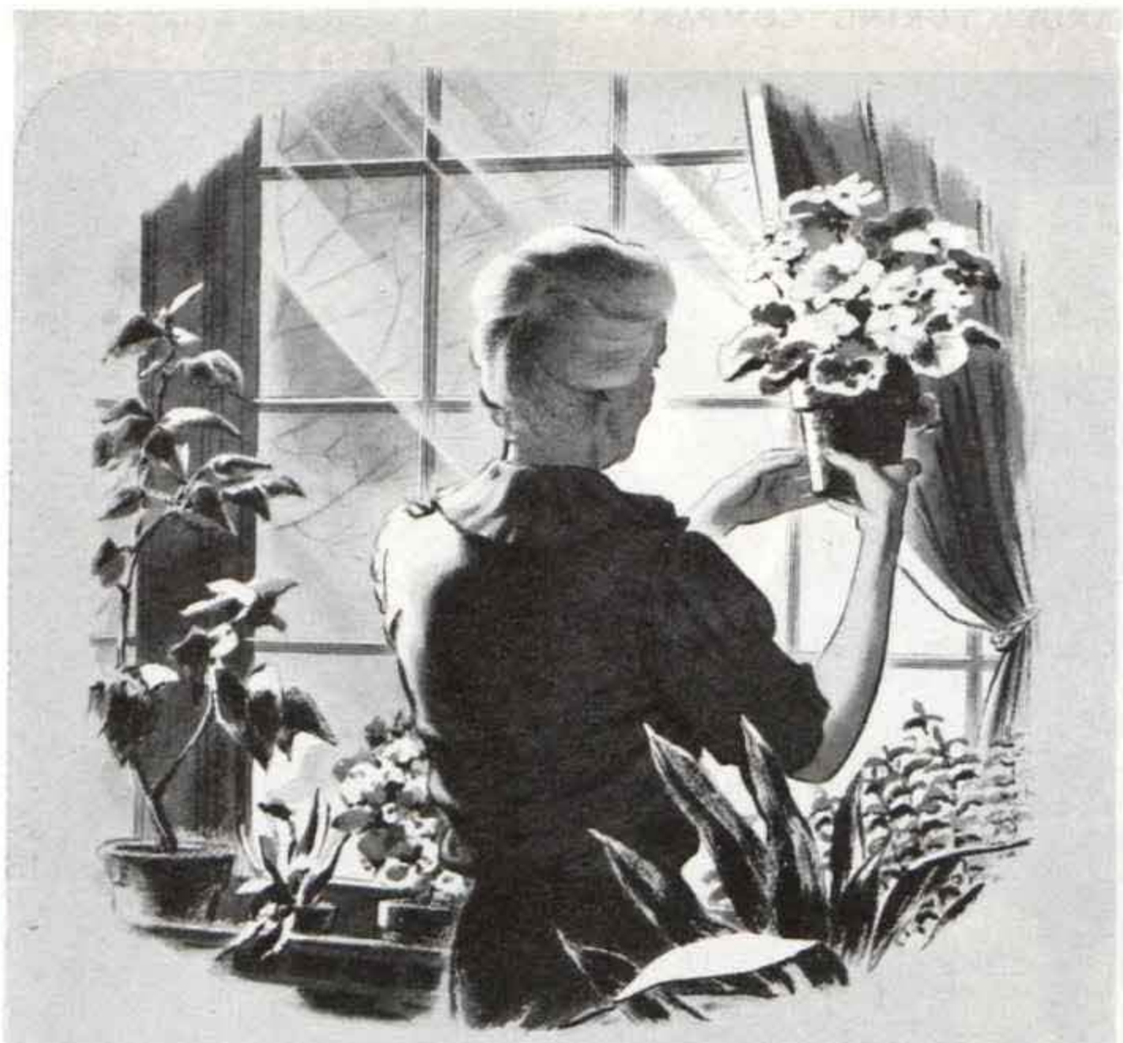
Accurate Bookkeeping

The yellow sheets contained evidence that the $100,000,000 racket yielded a 10 per cent net—$10,000,000—divided between mob and bankers. Schultz, unwilling to accept the routine bother of a direct partnership, had handed the banks back to the bankers in 1934. They were run as autonomous units thereafter. He was merely concerned with his split, for which he crooked the figures daily, paid out bribe money, or "ice," to politicians and others, and otherwise "protected" the active operators.

Ice, according to the records, cost $9000 a month. In contrast, the records contained the expense account of a mug in which was noted a fifteen-cent item—for cigarettes.

A handsome business to inherit, and Davis, once assured that The Dutchman's fate was not to be his, took

(Continued on Page 78)



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NATIONAL Caskets

(Continued from Page 76)

prompt steps to prove title. Setting out to make terms with the mobsters who had done away with the boss, he found them on the lam themselves. He had to do business in Miami, whither the big fellows had fled after Schultz's murder. Dewey had not opened up, having been in office only three months, and the racket men, uncertain of his reaction in the midst of the unexpected furor raised by the Schultz matter, had dropped business cares and wheeled south.

Luciano, who, with Lepke and Gurrah, led the exodus, did not return to New York, incidentally, until he was brought back handcuffed to a pair of detectives for his trial.

Davis made peace, but not soon enough to save the life of Bo Weinberg—No. 3 in policy. There is no physical evidence to support it—that is, no one has dug up such a slab—but the persistent underworld grapevine has it that Bo lies stiff in a concrete jacket at the bottom of the Harlem River. Tolled to a midtown hotel by a blond acquaintance, Weinberg is reputed to have been duly deprived of his life, and then removed to an outlying establishment, where a large mold of fresh concrete received the remains. When sufficiently hard, the mold is reputed to have been dropped from a pier of the 125th Street Bridge, where, gathering silt, it might even be overlooked at the last Trump.

Dewey, owing to his prosecution of Miro, knew the Harlem policy setup before he undertook the rackets crusade. Moreover, Jacob J. Rosenblum, who took charge with Grimes, had acquired a large circumstantial acquaintance with the racket while preparing, in the United States Attorney's office, the income-tax case against Schultz.

Assuming that the racket would not die with Schultz, Dewey charged Rosenblum and Grimes with the tough job of unraveling the new policy setup. The inquiry led tortuously, slowly, toward Davis until the January raids, wherein Dewey patterned after the surprise blow he struck at that other criminal racket, vice. With equal success, he disclosed the big fellow—Davis in policy, as Luciano in prostitution.

The Practice Raid

The virtue of that type of raid lies in its crushing surprise. The principals, unaware that the hour has come, have no time to escape or to destroy records. They are caught cold. But the raids may be a terrible flop if their secrecy is penetrated. With no really credible proof, Dewey suspected there might be a leak either in his organization or the detective detail at his beck. In order to make sure, he prepared a test—a risky enterprise which has never before been described in print.

A week before the time chosen for the Harlem roundup, Dewey announced to his assistants and investigators an impending large-scale raid. He specified no racket, but it was known that the policy investigation was getting hot, and if anyone wished to guess that the raid was to be aimed at Harlem, Dewey did not discourage him. Investigators and police were ordered to appear at a certain place, where they would receive further sealed orders.

The pipe lines leading from Harlem into the Woolworth Building were watched carefully. The mobsters and policy operators were tailed night and day, informants, or stool pigeons, closely questioned about the presence of Dewey rumors in the populous Negro community. No leak could be detected, Harlem was free of rumors, and Dewey felt safe to proceed. Meantime, he had aimed the other trial raid at a minor racket, seizing records and making a few quiet arrests.

The raids which finally dispersed the Schultz-Davis mob, eradicated the policy racket and reduced the numbers play—although this was no part of the Dewey objective—by two thirds, were begun on a raw, leaden afternoon, the thirteenth, when a detail of rookie cops met a superior officer in the Central Park sheep meadow. Few persons who might have knowing eyes for a concentration of twenty young cops moved abroad in the park at that hour of a wintry day. In the meadow, the rookies were lined up and dispatched to Grant's Tomb, on Riverside Drive at 123rd Street, in motorcars. There they again were moved under sealed orders, this time only a couple hundred yards.

A Busy Night in Harlem

Dewey, after considering a number of mobilization points handy to Harlem, finally chose the famous city-owned restaurant, Claremont, which sits on an island between two stretches of the drive and overlooks the Hudson. No sidewalks surround the island, traffic moves in fast lanes; the restaurant was closed for the winter, its windows boarded up and dark. It made an ideal cover for a raid such as this.

With a score of electric heaters fending off the chill, Rosenblum and Grimes met with sixty Dewey investigators and detectives to outline the procedure. For the supplemental cops, Dewey had specified rookies, considering it unlikely that they would have contacts with the Harlem underworld and, more important, that they were less likely to be identified as coppers. At six P.M., the raiders proceeded by fours toward Harlem, only a few blocks across town. A trusted Dewey detective led three rookies in each squad.

For nine hours the raiders swooped, the roundup continued. Until three A.M., a parade of bankers, bank employees, accountants, controllers, a lawyer—not Davis—and a former policeman, now a private detective, marched up the Claremont steps. They had been found at home, in banks, in racket offices, night spots and even at the movies—wherever their normal plans had led them. Some were caught red-handed. One controller had his day's receipts, $12,000, neatly counted in a wallet. Motorcar loads of records and paraphernalia were brought along and stacked in the unfamiliar setting.

The prisoners sang that night in the impromptu, or branch, "singing school." Assured that Dewey was pursuing his policy of nailing the higher-ups, they continued to sing when, on low bail, they were allowed their freedom, implicating the "masked and major figures" of the racket. Only one important figure escaped the dragnet. That was Pompez, a mighty figure in Harlem's night and sporting life. A raiding party inadvertently communicated the alarm to a Pompez retainer, and the banker was able to escape to a hide-out in Flushing, Long Island. There his friends arranged for his further flight from the country aboard a yacht. But he would have to go in disguise as third cook, and Pompez's vanity would not permit him to masquerade in so lowly a capacity.

An apocryphal police report later given out in Mexico City said that

Pompez turned up within a week on the Mexican border at Laredo, Texas. Riding in a bulletproof limousine with Illinois plates, he gave the name "Antonio Moreno," declared himself a native of Cuba, and was allowed to cross. A rich El Cubano, scattering largess, he traveled as a fugitive for two months between Tampico, Puebla and Mexico City. As a matter of fact, Pompez traveled all the way by rail and upon arrival was forced to pawn his watch to eat.

Pompez's trail was cold, but Grimes and Detective Sergeant William Grafnecker, by skillful work, located him through New York associates. Arrested in the capital, he began a lengthy fight to resist extradition, saying: "If I go back to New York, I'm licked before I start with Dewey."

Pompez's partner, Ison, had been in Paris, where he stayed until Dewey's office assured his lawyer that he might not fare so badly if he returned to New York and co-operated with the prosecutor. Ison returned. Pompez, dubious of an appeal to the Mexican Supreme Court, promptly decided to make a like contribution to law enforcement. Each was released in nominal bail of $1000 and placed under a twenty-four-hour police guard. In 1935, the Ison and Pompez bank grossed $15,000,000. The next year business fell by half, and in 1937 it sank to nothing. Thus had Dewey wrought before the racket came to trial. A lawyer, Moe Weintraub, who economized on office rent by maintaining only desk space in an embroidery factory, but who drove in from the suburbs daily in a limousine behind a liveried chauffeur, was taken in the raid.

Six months, to the day, after the raids, the Dewey grand jury indicted Davis and eleven other persons, charging the felony of contriving a lottery. Davis and eight of these, including Weinberg, were unavailable. Pompez and Ison are the only defendants who have since been returned to the jurisdiction. Early last fall, New York City put a price of $5000 on Davis' capture.

A Racket Refinement

The racket, bearing down on the bankers, in reality took it out of the poor, hopeful, deluded and very human chance takers who daily showered down their pennies, dimes and quarters. In the racket's heyday, it cost the bankers millions a year. It likewise saved them enormous sums—perhaps as much as it cost—by manipulating the pay-off figures at the tracks. Davis is credited with this scientific contribution to the art of operating mass gambling.

Before the Schultz-Davis invasion, the banks had no control over the winning figures. The bank retained 70 per cent of the income, paying out 30 per cent to controllers, collectors, runners, *et al.* In theory, the lucky players took out 60 per cent each day, leaving a 10 per cent margin to the bank for expenses, risk and profit. The proportion of winnings varied, naturally, day by day, and at times luck might run steadily against a house. Bankers have been forced into default by such runs of luck. But, by and large, the net profit amounted to a substantial figure.

In taking over policy, Davis argued that the mob must supplement its brute power with a pecuniary inducement. He suggested that the figures be fixed against the players—a technique requiring pay-off figures capable of manipulation. This, naturally, could not be done with the figures turned up in the totaling of the day's Treasury balance or clearinghouse transactions, on which policy previously had paid off.

A wizard found the answer—certain digits appearing daily in the totalized figures at a pari-mutuel track. This required the services of corrupt employees in the pari-mutuel departments of certain tracks.

Shearing the Sheep

The method is almost too involved to be clarified here, but it may be illustrated superficially. The first of the day's three winning numbers was to be the last figure before the decimal when the total winnings for the first three races had been added. Thus, $129.80—nine being the figure. The second figure would be the one before the decimal after the fourth and fifth race winnings had been added.

Suppose the first two numbers to be 93. The winning combination then would be a number between 930 and 939. Policy bets close for the day at one P.M. An hour later, presumably, swift tabulators in the mob's banks should know which combination in that series had been played heaviest, which the lightest. The combination 931 might have $1000 riding on it, calling for $600,000 if it hit. Contrarily, 933 might entail a loss of only $30,000.

What would it be worth to the banks to have 933 come up instead of 931? A neat $570,000 for that one day. The saving did not remain constant, not always reaching so large a sum, but it was impressive in total. It remained only for the mob to forward the combination it desired to the manipulator at the track.

Thus did the mob dip its fingers into the frayed pockets and shabby purses of the poor.

Owing to the absence of Davis, Dewey had not been able to expose the bare bones of this racket in a trial before November second. On that date, the special rackets prosecution initiated in July, 1935, began to be broadened into the general offensive against crime which Dewey will lead as district attorney of New York County. Dewey's overwhelming election vindicated his methods, as outlined from the inside in these articles, as well as his record. The twenty-nine months' tour of duty as racket-buster appears now to have been a prelude to a wider experiment in effective law enforcement in the richest, most compact and heterogeneous community in America; and the trial of Davis, if and when he is caught, may be expected to be a first order of business in the broader enterprise.

Editor's Note — This is the last article of the story of Thomas E. Dewey by Mr. Davis.

CONSCIENCE

By HELEN FRAZEE-BOWER

THE jar on the shelf
Was full of jam;
It isn't now—
But I am.

The jar looked happy;
I never knew
That it felt queer—
But I do.

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